

OUTDSHOORN

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2012

OUDTSHOORN LOCAL MUNICIPALITY

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OUDTSHOORN MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

GENERAL INFORMATION

NATURE OF BUSINESS

Oudtshoorn Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality WC045 (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

CATEGORY OF MUNICIPALITY

Grade 3

JURISDICTION

The Oudtshoorn Municipality includes the following areas:

Oudtshoorn, Dysseisdorp, De Rust, Volmoed, De Hoop

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	G April
Deputy Executive Mayor	VM Donson
Executive Councillor	N Gunguluza
Executive Councillor	L Stalmeester
Executive Councillor	H Botha
Executive Councillor	H Ruiters
Executive Councillor	J Harmse
Speaker	JNH Stoffels

MUNICIPAL MANAGER

T Mnyimba

CHIEF FINANCIAL OFFICER

D Lott

REGISTERED OFFICE

PO Box 255
6625

AUDITORS

Private Bag X1
CHEMPET
7442

PRINCIPLE BANKERS

STANDARD BANK

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

2011 / 2012

MEMBERS OF THE OUDTSHOORN MUNICIPALITY

WARD	COUNCILLOR
1	J Le Roux Krowitz
2	P Nel
3	D de Jager
4	N Gunguluza
5	H Ruiters
6	J Goliath
7	PL Roberts
8	EN Ngalo
9	G April
10	L Stalmeester
11	RR Wildschut
12	DJ Fourie
13	J Harmse
Proportional	J Stoffels
Proportional	H Botha
Proportional	E Fortuin
Proportional	DV Donson
Proportional	C Mac Pherson
Proportional	F Magxaka
Proportional	J Maxim
Proportional	C Ngalo
Proportional	G Phillips
Proportional	IV v/d Westhuizen
Proportional	B van Wyk
Proportional	C Wagenaar

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act, which I have signed on behalf of the Municipality.

T. Mnyimba
Municipal Manager

Date

INSERT ACCOUNTING POLICY

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2012 R	2011 R
NET ASSETS AND LIABILITIES			
Net Assets		431 707 074	438 943 908
Accumulated Surplus/(Deficit)		431 707 074	438 943 908
Non-Current Liabilities		200 257 325	214 459 545
Long-term Liabilities	2	68 829 092	82 141 180
Employee benefits	3	55 536 253	52 960 550
Non-Current Provisions	4	75 891 980	79 357 815
Current Liabilities		77 118 235	74 538 899
Consumer Deposits	5	5 149 268	4 814 876
Current Employee benefits	6	16 449 223	12 272 691
Current Portion of Provisions	7	3 570 660	-
Payables from exchange transactions	8	33 375 041	41 258 348
Unspent Conditional Government Grants and Receipts	9	8 358 464	9 675 523
Unspent Public Contributions	10	244 374	244 375
Operating Lease Liability	19	-	19 641
Current Portion of Long-term Liabilities	2	9 971 206	6 253 445
Total Net Assets and Liabilities		709 082 634	727 942 353
ASSETS			
Non-Current Assets		627 407 622	612 503 773
Property, Plant and Equipment	12	531 863 736	516 221 448
Investment Property	14	85 999 252	86 401 168
Intangible Assets	15	246 453	332 333
Capitalized Restoration Cost	13	9 298 182	9 548 825
Current Assets		81 675 012	115 438 580
Inventory	16	1 394 395	1 730 996
Assets held for sale	12.2	2 996 219	2 996 219
Receivables from exchange transactions	17	42 584 818	42 428 492
Receivables from non-exchange transactions	18	14 430 971	12 790 133
Unpaid Conditional Government Grants and Receipts	9	62 020	865 374
Unpaid Public Contributions	10	-	125 288
Operating Lease Asset	19	1 077 824	575 691
Taxes	11	3 564 287	4 937 933
Cash and Cash Equivalents	20	15 564 478	48 988 453
Total Assets		709 082 634	727 942 353

ODTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 (Actual) R	2011 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		133 304 126	115 895 383
Taxation Revenue		40 934 467	37 144 748
Property taxes	21	40 934 467	37 144 748
Transfer Revenue		87 530 579	76 844 270
Government Grants and Subsidies- Capital	22	30 944 037	15 685 465
Government Grants and Subsidies-Operating	22	56 441 830	59 148 826
Public Contributions and Donations		144 712	2 009 979
Other Revenue		4 839 080	1 906 364
Third Party Payments		244 526	129 960
Fines		1 663 992	1 776 405
Gain on disposal of Property, Plant and Equipment		7 215	-
Actuarial Gains		2 923 347	-
Revenue from Exchange Transactions		226 829 483	192 472 385
Service Charges	23	203 267 134	173 134 685
Rental of Facilities and Equipment		1 737 335	2 301 312
Interest Earned - external investments		2 644 864	3 402 196
Interest Earned - outstanding debtors		5 043 645	4 690 182
Agency Services		4 180 250	4 050 550
Other Income	24	9 956 255	4 748 930
Impairment of leases		-	144 531
Total Revenue		360 133 609	308 367 767
EXPENDITURE			
Employee related costs	25	128 650 647	114 718 447
Remuneration of Councillors	26	7 325 281	5 887 584
Debt Impairment	27	5 603 126	3 677 917
Depreciation and Amortisation	28	19 879 140	17 600 954
Impairments	29	147 434	279 525
Assets written-off		2 598	0
Stock written-off		132 443	4 321
Repairs and Maintenance		12 671 765	12 515 252
Actuarial losses	3	597 104	13 197 824
Finance Charges	30	9 285 963	9 545 654
Bulk Purchases	31	101 227 060	77 634 292
Contracted services		12 463 747	11 154 626
Stock Adjustments		-	15 476
Operating Grant Expenditure		18 489 077	21 730 019
Fruitless and Wasteful Expenditure		-	324 921
General Expenses	32	50 895 058	43 960 389
Total Expenditure		367 370 444	332 247 201
NET SURPLUS/(DEFICIT) FOR THE YEAR		(7 236 834)	(23 879 433)

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Accumulated Surplus/ (Deficit)	Total
	R	R
2010		
Balance at 1 JULY 2010	454 890 578	454 890 578
Correction of error	7 932 763	7 932 763
Restated Balance at 30 JUNE 2010	462 823 341	462 823 341
2011		
Net Deficit for the year	(23 879 433)	(23 879 433)
Transfer of housing Development Fund		
Restated Balance at 30 JUNE 2011	438 943 908	438 943 908
2012		
Net Deficit for the year	(7 236 834)	(7 236 834)
		-
Balance at 30 JUNE 2012	431 707 074	431 707 074

OUDTSHOORN LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	30 JUNE 2012 R	30 JUNE 2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		258 499 244	203 185 985
Government - operating		56 441 830	59 148 826
Government - capital		30 944 037	15 685 465
Interest		7 688 509	8 092 378
Payments			
Suppliers and employees		(333 503 255)	(251 229 722)
Finance charges	30	(9 285 963)	(9 545 654)
Cash generated by operations	34	10 784 402	25 337 277
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	12	(34 948 441)	(50 277 647)
Purchase of Intangible Assets		-	(167 963)
Net Cash from Investing Activities		(34 948 441)	(50 445 609)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(9 594 326)	(6 330 005)
New loans raised		-	44 169 325
Increase in Consumer Deposits		334 392	276 718
Net Cash from Financing Activities		(9 259 935)	38 116 038
NET INCREASE IN CASH AND CASH EQUIVALENTS		(33 423 974)	13 007 705
Cash and Cash Equivalents at the beginning of the year		48 988 453	35 980 748
Cash and Cash Equivalents at the end of the year	35	15 564 478	48 988 453
NET INCREASE IN CASH AND CASH EQUIVALENTS		(33 423 974)	13 007 705

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7,11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

The municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective.

Standard	Description	Effective Date
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012

The municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	1 April 2012

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality

applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. This is as per the requirement of GRAP1.49. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not yet effective, however budget information required in terms of GRAP 1 paragraph 14 to 18 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the municipality has a single entity with low volume of transactions.	Unknown
GRAP 7	Investments in Associate No significant impact is expected as the municipality	Unknown

(Revised)	does not participate in such business transactions.	
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 25	Employee Benefits Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 103	Heritage Assets No adjustments necessary as the municipality has no significant heritage assets.	1 April 2012
GRAP 104	Financial Instruments Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the municipality does not participate in such business transactions.	Unknown

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

1.7. RESERVES

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

1.8 LEASES

1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease assets.

1.8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease liabilities.

1.9 GOVERNMENT GRANTS AND RECEIPTS

1.9.1 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9.2 Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.10 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.12 EMPLOYEE BENEFITS

(a) *Post Retirement Medical Obligations*

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. Leave is non-vesting as per GRAP 25.14.

(d) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrued to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(e) Pension and Retirement Fund Obligations

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans. (see note 4.3 in the Financial Statements in this regard)

Short term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure

incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	10-30	Buildings	100
Pedestrian Malls	30	Specialist vehicles	10-20
Electricity	20-30	Other vehicles	5-7
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	5-15
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Buildings	100	Equipment	5-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	100	Landfill sites	20
Libraries	1000	Quarries	25
Parks and gardens	15-20	Emergency equipment	5-15
Other assets	15-20	Computer equipment	3-5

Finance lease assets

Office equipment	3
Other assets	5-6

Finance lease assets are depreciated over the shortest period of the useful life of the asset or the term of the finance lease agreement.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.13.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the

difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13.5 Land and Buildings and Other Assets – Application of Deemed Cost (Directive 4)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.14 INTANGIBLE ASSETS

1.14.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

1.14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values

and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	5
Computer Software Licenses	5

1.14.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 Application of deemed cost (Directive 4)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.15. INVESTMENT PROPERTY

1.15.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.15.2 De-recognition

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is

determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.3 Application of deemed cost - Directive 4

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.16.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.16.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the following approach:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.17 NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.18 INVENTORIES

1.18.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business, unless they are to be distributed. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.18.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs

1.19. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.19.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.19.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.19.2.1 Receivables

Receivables are classified as financial instruments at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.19.2.2 *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.19.2.3 *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.19.3 De-recognition of Financial Instruments

1.19.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.19.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.19.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

20 REVENUE

1.20.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the

extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fines are recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.20.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for

dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.20.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.21 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

(a) Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

(b) Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.22 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.26 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post Retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether

the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Provision for Task Implementation and Back Pay

The provision at 30 June 2012 for Task Implementation represents the municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

The provision at 30 June 2012 for Back Pay represents the municipality's obligation towards Section 57 Directors as a result of an amendment in their employment contracts. The calculation was based actual remuneration paid versus the requirements of the amended packages.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

Componentisation of infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.27 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.28 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
2 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	74 846 810	82 675 916
Capitalised Lease Liability - At amortised cost	3 953 487	5 718 709
	78 800 298	88 394 625
Current Portion transferred to Current Liabilities	(9 971 206)	(6 253 445)
Annuity Loans - At amortised cost	(8 535 127)	(4 551 929)
Capitalised Lease Liability - At amortised cost	(1 436 078)	(1 701 516)
	68 829 092	82 141 180
Total Long-term Liabilities - At amortised cost using the effective interest rate method	68 829 092	82 141 180
Refer below for maturity dates of long term liabilities:		
The obligations under annuity loans are scheduled below:		
	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	16 186 946	17 674 343
Payable within two to five years	53 075 703	60 122 854
Payable after five years	46 021 369	61 048 326
	115 284 018	138 845 523
Less: Future finance obligations	(40 437 208)	(56 169 607)
Present value of annuity obligations	74 846 810	82 675 916
Annuity loans at amortised cost are calculated between 10.07% and 15.67% interest rate, with the first maturity date on 31 March 2014 and the last maturity date on 30 June 2027.		
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	1 716 791	2 130 855
Payable within two to five years	2 829 545	4 668 296
Payable after five years	-	-
	4 546 336	6 799 151
Less: Future finance obligations	(592 849)	(1 080 442)
Present value of lease obligations	3 953 487	5 718 709

Leases are secured by property, plant and equipment - Note 12

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
3 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 3.1	50 947 845	49 235 639
Long Service Awards - Refer to Note 3.2	4 588 408	3 724 911
Total Non-current Employee Benefit Liabilities € -	55 536 253	52 960 550
	2012 R	2011 R
<u>Post Retirement Benefits</u>		
Balance 1 July	51 285 383	36 841 436
Contribution for the year	(2 049 744)	(1 945 248)
Interest Cost	4 336 386	3 322 297
Current Service Cost	2 092 651	1 397 701
Actuarial Loss/(Gain)	(2 923 347)	11 669 197
Total post retirement benefits 30 June	52 741 329	51 285 383
Less: Transfer of Current Portion - Note 6	(1 793 484)	(2 049 744)
Balance 30 June	50 947 845	49 235 639
<u>Long Service Awards</u>		
Balance 1 July	4 248 027	2 881 014
Contribution for the year	(550 481)	(766 824)
Interest Cost	310 434	252 992
Expenditure for the year	552 693	352 218
Actuarial Loss/(Gain)	597 104	1 528 627
Total long service 30 June	5 157 777	4 248 027
Less: Transfer of Current Portion - Note 6	(569 369)	(523 116)
Balance 30 June	4 588 408	3 724 911
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	55 533 410	39 722 450
Contribution for the year	(2 600 225)	(2 712 072)
Interest cost	4 646 820	3 575 289
Expenditure for the year	2 645 344	1 749 919
Actuarial Loss/(Gain)	(2 326 243)	13 197 824
Total employee benefits 30 June	57 899 106	55 533 410
Less: Transfer of Current Portion - Note 6	(2 362 853)	(2 572 860)
Balance 30 June	55 536 253	52 960 550
	2012 R	2011 R
3.1 Post Retirement Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	306	319
Continuation members (e.g. Retirees, widows, orphans)	82	80
Total Members	388	399
The liability in respect of past service has been estimated to be as follows:		
In-service members	24 923 212	20 155 009
Continuation members	27 818 117	31 130 374
Total Liability	52 741 329	51 285 383
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

3.1 Post Retirement Benefits (Continued)

	2011 R	2010 R	2009 R
In-service members	20 155 009	14 647 811	13 149 905
Continuation members	31 130 374	22 193 625	21 592 841
Total Liability	51 285 383	36 841 436	34 742 746

The municipality makes monthly contributions for health care arrangements to the following medical aid

Bonitas;
LA Health
Samwumed; and
Keyhealth.

Key actuarial assumptions used:

i) Rate of interest

	2012 %	2011 %
Discount rate	7.82%	8.62%
Health Care Cost Inflation Rate	6.83%	7.26%
Net Effective Discount Rate	0.93%	1.28%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2012 R	2011 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	52 741 329	51 285 383
Net liability/(asset)	52 741 329	51 285 383

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	51 285 383	36 841 436
Total expenses	4 379 293	2 774 750
Current service cost	(2 049 744)	(1 945 248)
Interest Cost	4 336 386	3 322 297
Benefits Paid	2 092 651	1 397 701
Actuarial (gains)/losses	(2 923 347)	11 669 197
Present value of fund obligation at the end of the year	52 741 329	51 285 383
Less: Transfer of Current Portion - Note 6	(1 793 484)	(2 049 744)
Balance 30 June	50 947 845	49 235 639

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	24.92	27.82	52.741

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	30.27	31.18	61.454	17%
Health care inflation	-1%	20.72	24.974	45.691	-13%
Post-retirement mortality	-1 year	25.75	28.86	54.610	4%
Average retirement age	-1 year	26.76	27.818	54.582	3%
Withdrawal Rate	-50%	27.51	27.818	55.326	5%

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
3.2 Long Service Bonuses		
The Long Service Bonus plans are defined benefit plans.		
As at year end, the following number of employees were eligible for Long Service Bonuses.	579	602
Key actuarial assumptions used:	2012	2011
	%	%
i) Rate of interest		
Discount rate	6.48%	7.78%
General Salary Inflation (long-term)	5.96%	6.27%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.49%	1.42%
	2012	2011
	R	R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	5 157 777	4 248 027
Net liability	5 157 777	4 248 027
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2011	2010
	R	R
Total Liability	4 248 027	2 881 014
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	4 248 027	2 881 014
Total expenses	312 646	(161 614)
Current service cost	(550 481)	(766 824)
Interest Cost	310 434	252 992
Benefits Paid	552 693	352 218
Actuarial (gains)/losses	597 104	1 528 627
Present value of fund obligation at the end of the year	5 157 777	4 248 027
Less: Transfer of Current Portion - Note 6	(569 369)	(523 116)
Balance 30 June	4 588 408	3 724 911
Sensitivity Analysis on the Unfunded Accrued Liability		
Assumption	Change	Liability (R) % change
Central assumptions		5.518
General salary inflation	1%	5.512 7%
General salary inflation	-1%	4.838 -6%
Average retirement age	-2yrs	4.363 -15%
Average retirement age	2yrs	5.932 15%
Withdrawal rates	-50%	6.204 20%

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
3.3 Retirement funds		
The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.		
As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.		
Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.		
<u>CAPE JOINT PENSION FUND</u>		
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 98.1% (30 June 2010 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.		
Contributions paid recognised in the Statement of Financial Performance	134 646	
<u>CAPE RETIREMENT FUND</u>		
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2010 - 100.3%).		
Contributions paid recognised in the Statement of Financial Performance	12 598 723	
<u>DEFINED CONTRIBUTION FUNDS</u>		
Council contribute to the Municipal Council Pension Fund and Oudtshoorn Municipal Workers Annuity Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance		
Municipal Councillors Pension Fund	52 005	996 839
Oudtshoorn Municipal Workers Annuity Fund	4 281 403	4 277 246
Cape Joint Retirement Fund for Councillors	334 623	14 335
	<u>4 668 031</u>	<u>5 288 420</u>
	2012 R	2011 R
4 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	75 891 980	79 357 815
Total Non-current Provisions	<u>75 891 980</u>	<u>79 357 815</u>
The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality recognised the following non-current provisions:		
	2012 R	2011 R
<u>Landfill Sites</u>		
Balance 1 July	79 357 815	75 509 913
Contribution for the year	104 825	3 847 902
Total provision 30 June	<u>79 462 640</u>	<u>79 357 815</u>
Less: Transfer of Current Portion to Current Provisions - Note 7	(3 570 660)	-
Balance 30 June	<u>75 891 980</u>	<u>79 357 815</u>
The landfill sites consist of the following solid waste disposal sites with a remaining useful life of:		
	2012 No of Years	2011 No of Years
Grootkop Landfill	43	44
Dysselsdorp Landfill	1	2
De Rust Landfill	2	3

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
5 CONSUMER DEPOSITS		
Electricity	2 429 522	2 279 790
Water	2 720 621	2 535 961
Other	(875)	(875)
Total Consumer Deposits	5 149 268	4 814 876
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

	2012 R	2011 R
6 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 3	1 793 484	2 049 744
Current Portion of Long-Service Provisions - Note 3	569 369	523 116
Staff Leave	5 889 067	5 550 792
Bonuses	3 141 337	2 714 631
Pension fund shortages	-	357 343
TASK Evaluation	5 055 966	1 077 065
Total Current Employee Benefits	16 449 223	12 272 691

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	5 550 792	4 932 042
Contribution to current portion	692 633	1 111 730
Expenditure incurred	(354 359)	(492 979)
Balance at end of year	5 889 067	5 550 792

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Bonuses

Balance at beginning of year	2 714 631	2 374 020
Contribution to current portion	5 237 995	4 426 733
Expenditure incurred	(5 062 328)	(4 086 123)
Balance at end of year	2 890 298	2 714 631

Performance Bonuses

Balance at beginning of year	-	-
Contribution to current portion	251 039	-
Balance at end of year	251 039	-

Pension fund shortages

Balance at beginning of year	357 343	294 757
Contribution to current portion	30 542	62 586
Expenditure incurred	(387 884)	-
Balance at end of year	-	357 343

It was reported that the established investment return of the fund for the past financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The municipality has paid the shortfall over to the retirement fund.

TASK Evaluation

Balance at beginning of year	1 077 065	-
Contribution to current portion	3 978 901	1 077 065
Expenditure incurred	-	-
Balance at end of year	5 055 966	1 077 065

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive backpay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
7 PROVISIONS		
Current Portion of Rehabilitation of Landfill-sites - Note 3	3 570 660	-
Total Provisions	3 570 660	-

	2012 R	2011 R
8 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	16 482	16 055
Pre-paid electricity	1 157 396	823 806
Sundry Creditors	25 813 174	34 602 093
Payments received in advance	3 627 296	2 941 778
Retention fees	101 419	100 000
Workmans Compensation	579 885	1 629 333
Unallocated funds debtors	1 215 565	390 008
Sundry Deposits	863 824	755 276
Total Trade Payables	33 375 041	41 258 348

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

	2012 R	2011 R
9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	8 358 464	9 675 523
National Government Grants	2 134 853	7 159 562
Provincial Government Grants	6 061 770	2 354 120
District Municipality	161 841	161 841
Less: Unpaid Grants	62 020	865 374
National Government Grants	62 020	711 860
Provincial Government Grants	-	153 514
Total Conditional Grants and Receipts	8 296 444	8 810 149

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

	2012 R	2011 R
10 UNSPENT PUBLIC CONTRIBUTIONS		
Tuinqa Consulting Engineers	111 200	111 200
Klein Karoo Agri	1 851	1 851
National Lottery	14 020	14 021
Donation N.A. Smit	117 303	117 303
Umsobombo Youth Fund	-	-
Total Unspent Public Contributions	244 374	244 375
UNPAID PUBLIC CONTRIBUTIONS		
Standard Bank Sport Development	-	(125 288)
	-	(125 288)
Reconciliation of public contributions		
Opening balance	119 087	1 412 487
Contributions received	270 000	716 579
Conditions met - Transferred to revenue	(144 712)	(2 009 979)
Closing balance	244 375	119 087
Tuinqa Consulting Engineers		
Opening balance	111 200	111 200
Closing balance	111 200	111 200
An amount was conditionally donated towards a study bursary for an engineering student		

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
10	UNSPENT PUBLIC CONTRIBUTIONS (Continued)		
	Alpha aan den Rijn		
	Opening balance	-	257 912
	Contributions received	-	121 579
	Conditions met - Transferred to revenue	-	(379 490)
	Closing balance	<u>-</u>	<u>-</u>
	Donation from the municipalities twining city in the Netherlands towards an AIDS prevention campaign		
	Klein Karoo Agri		
	Opening balance	1 851	60 000
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	(58 149)
	Closing balance	<u>1 851</u>	<u>1 851</u>
	Donation towards the erection of a gravestone at the Suikerbult graveyard		
	National Lottery		
	Opening balance	14 021	784 291
	Contributions received	-	495 000
	Conditions met - Transferred to revenue	-	(1 265 269)
	Closing balance	<u>14 020</u>	<u>14 021</u>
	Donation towards the upgrading of rural sport facilities		
	Donation N.A. Smit		
	Opening balance	117 303	117 303
	Closing balance	<u>117 303</u>	<u>117 303</u>
	Donation for a study bursary		
	Umsobombo Youth Fund		
	Opening balance	-	81 783
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	(81 783)
	Closing balance	<u>-</u>	<u>-</u>
	A donation to facilitate and promote participation of the youth in the mainstream economy		
	Standard Bank Sport Development		
	Opening balance	(125 288)	-
	Contributions received	270 000	100 000
	Conditions met - Transferred to revenue	(144 712)	(225 288)
	Closing balance	<u>-</u>	<u>(125 288)</u>
		2012 R	2011 R
11	TAXES		
11.1	VAT PAYABLE		
	VAT Payable	34 674 823	16 383 069
	Total Vat payable	<u>34 674 823</u>	<u>16 383 069</u>
11.2	VAT RECEIVABLE		
	VAT input in suspense	38 239 110	21 321 002
	Total VAT receivable	<u>38 239 110</u>	<u>21 321 002</u>
11.3	NET VAT RECEIVABLE/(PAYABLE)	<u>3 564 287</u>	<u>4 937 933</u>
	VAT is receivable/payable on the cash basis.		
12	PROPERTY, PLANT AND EQUIPMENT		
	<u>See attached sheet</u>		

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

2012 **2011**
R **R**

12.1 Assets pledged as security:

All the assets which are obtained by financial leases are pledged as security. See Annexure- A, for a comprehensive description

12.2 Non Current assets held for sale

Non-current assets held for sale at beginning of year - at book value
Additions for the year

2 996 219 **2 996 219**
- -

Non-current assets held for sale at end of year - at book value

2 996 219 **2 996 219**

2012 **2011**
R **R**

13 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

9 548 825 **10 067 149**

Cost
Accumulated Depreciation
Accumulated Impairments

15 792 641	15 792 641
(5 879 374)	(5 640 575)
(364 443)	(84 918)

Movement

(250 643) **(518 324)**

Depreciation for the year
Impairment

(228 407)	(238 799)
(22 236)	(279 525)

Net Carrying amount at 30 June

9 298 182 **9 548 825**

Cost
Accumulated Depreciation
Accumulated Impairment

15 792 641	15 792 641
(6 107 781)	(5 879 374)
(386 679)	(364 443)

2012 **2011**
R **R**

14 INVESTMENT PROPERTY

Net Carrying amount at 1 July

86 401 168 **86 800 710**

Cost
Accumulated Depreciation
Depreciation for the year

87 598 700	87 598 700
(1 197 532)	(797 990)
(401 916)	(399 542)

Net Carrying amount at 30 June

85 999 252 **86 401 168**

Cost
Accumulated Depreciation

87 598 700	87 598 700
(1 599 448)	(1 197 532)

Since the previous reporting date the following Investment Property were measured in accordance with GRAP 16 and restated retrospectively:

Cost	-	75 659 530
Accumulated Depreciation	-	1 804 692
Total not previously recognised now restated retrospectively	<u>-</u>	<u>77 464 222</u>

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	<u>1 737 335</u>	<u>2 263 053</u>
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OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
15 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	332 333	2 370 042
Cost	751 532	2 665 476
Accumulated Amortisation	(419 199)	(295 434)
Additions	-	167 963
Amortisation	(85 880)	(123 765)
Written off	-	(2 081 907)
Disposals	-	-
Net Carrying amount at 30 June	246 453	332 333
Cost	751 532	751 532
Accumulated Amortisation	(505 079)	(419 199)
Accumulated Impairment	-	-

The following material intangible assets are included in the carrying value above

		2012	2011
		R	R
	Carrying Value		
<u>Description</u>	<u>Amortisation</u>		
	<u>Period</u>		
Microsoft Office and Windows software	5	246 453	332 333

No intangible asset were assessed as having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

	2012	2011
	R	R
16 INVENTORY		
Maintenance Materials - At cost	1 166 093	1 521 890
Water – at cost	228 302	209 106
Total Inventory	1 394 395	1 730 996
Consumable stores materials written down due to losses as identified during the annual stores counts.	132 443	4 321
Consumable stores materials surpluses identified during the annual stores counts.	-	-
Inventory recognised as an expense during the year	223 514	44 310

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
17 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	12 758 297	15 840 139
Water	19 175 673	13 641 495
Refuse	13 346 111	11 829 590
Klein Karoo Water scheme	3 151 661	3 307 533
Sewerage	13 602 929	14 212 260
Payments received in advance	3 384 570	2 772 139
Units not billed	3 371 831	2 826 520
Housing Rentals	386	603
Other	7 282 669	6 449 160
Total Receivables from Exchange Transactions	76 074 127	70 879 438
Less: Allowance for Doubtful Debts	(33 489 309)	(28 450 946)
Total Net Receivables from Exchange Transactions	42 584 818	42 428 492
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary		
Ageing of Receivables from Exchange Transactions:		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	9 048 906	8 715 550
31 - 60 Days	337 477	999 617
61 - 90 Days	317 223	1 503 938
+ 90 Days	3 054 691	4 621 034
Total	12 758 297	15 840 139
<u>(Water): Ageing</u>		
Current (0 - 30 days)	2 708 832	1 575 704
31 - 60 Days	1 067 827	1 167 317
61 - 90 Days	1 015 802	1 007 008
+ 90 Days	14 383 212	9 891 466
Total	19 175 673	13 641 495
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	699 122	861 598
31 - 60 Days	274 649	257 276
61 - 90 Days	256 228	231 373
+ 90 Days	12 116 111	10 479 343
Total	13 346 111	11 829 590
<u>(Klein Karoo Water Scheme): Ageing</u>		
Current (0 - 30 days)	393 068	379 138
31 - 60 Days	140 375	109 569
61 - 90 Days	82 308	61 341
+ 90 Days	2 535 911	2 757 485
Total	3 151 661	3 307 533

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
17 RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)		
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	172 779	1 404 167
31 - 60 Days	371 385	344 074
61 - 90 Days	354 687	305 355
+ 90 Days	12 704 078	12 158 664
Total	13 602 929	14 212 260
<u>(Payments received in Advance): Ageing</u>		
Current (0 - 30 days)	3 384 570	2 772 139
Total	3 384 570	14 212 260
<u>(Units not billed): Ageing</u>		
Current (0 - 30 days)	3 371 831	2 826 520
Total	3 371 831	14 212 260
<u>(Rent): Ageing</u>		
+ 90 Days	386	603
Total	386	14 212 260
<u>(Other): Ageing</u>		
Current (0 - 30 days)	1 129 202	1 269 896
31 - 60 Days	29 577	95 604
61 - 90 Days	35 892	950 379
+ 90 Days	5 724 152	4 133 884
Total	6 918 824	6 449 763
<u>(Total): Ageing</u>		
Current (0 - 30 days)	21 272 155	19 804 712
31 - 60 Days	2 221 291	2 973 457
61 - 90 Days	2 062 141	4 059 394
+ 90 Days	50 518 540	44 041 875
Total	76 074 127	70 879 438
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	28 450 946	24 907 808
Contribution to provision	5 038 363	3 543 138
Bad Debts Written Off	-	-
Balance at end of year	33 489 309	28 450 946

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
18 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	14 774 965	14 804 456
Other Receivables	5 488 584	3 271 653
Payments in advance	242 726	169 639
Suspense Debtors	5 245 858	3 102 014
Less: Impairment Congo Caves Loan	-	-
Total Receivables from Non-Exchange Transactions	20 263 549	18 076 109
Less: Allowance for Doubtful Debts	(5 832 578)	(5 285 977)
Total Net Receivables from Non-Exchange Transactions	14 430 971	12 790 133
Ageing of Receivables from Non-Exchange Transactions:		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	2 693 637	2 488 294
31 - 60 Days	475 872	447 175
61 - 90 Days	427 180	391 843
+ 90 Days	11 178 276	11 477 144
Total	14 774 965	14 804 456
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	5 285 977	5 154 586
Contribution to provision/(Reversal of provision)	564 763	134 779
Bad Debts Written Off	(18 162)	(3 388)
Balance at end of year	5 832 578	5 285 977

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2012 R	2011 R
19 OPERATING LEASE ARRANGEMENTS		
19.1 The Municipality as Lessee (Liability)		
Balance on 1 July	19 641	25 691
Movement during the year	(19 641)	(6 050)
Balance on 30 June	-	19 641
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	-	271 865
1 to 5 Years	-	-
More than 5 Years	-	-
Total Operating Lease Arrangements	-	271 865
Operating leases consist only out of an agreement with ... for the rental of the Wesscott Building.		
19.2 The Municipality as Lessor (Asset)		
Balance on 1 July	575 691	18 884
Movement during the year	502 134	556 807
Balance on 30 June	1 077 824	575 691
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	1 013 792	958 301
1 to 5 Years	4 374 383	4 222 524
More than 5 Years	20 517 280	21 682 932
Total Operating Lease Arrangements	25 905 456	26 863 757

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for several purposes.

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
20 CASH AND CASH EQUIVALENTS		
<u>Assets</u>		
Call Investments Deposits	12 107 740	35 167 209
Bank Accounts	3 446 204	13 810 710
Cash Floats	10 534	10 534
Total Cash and Cash Equivalents - Assets	15 564 478	48 988 453
<u>Liabilities</u>		
Primary Bank Account	-	-
Total Cash and Cash Equivalents - Liabilities	-	-
Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
Call Investment Deposits to an amount of R 12,107,740 , is held to fund the Unspent Conditional Grants (2011:R 8,358,464)		
The municipality has the following bank accounts:		
<u>Current Accounts-Cash book balances</u>		
Standard Bank George-Account Number 082796068 (Primary Bank Account)	1 269 878	10 822 705
Standard Bank George-Account Number 082795754 (Primary Bank Account)	1 083 648	1 786 452
Standard Bank George-Account Number 082797331 (KKWS)	30 802	38 683
Standard Bank George-Account Number 082795428 (Traffic Account)	1 061 876	1 162 871
	3 446 204	13 810 711
Cash book balance at beginning of year	13 810 710	(10 892 935)
Cash book balance at end of year	3 446 204	13 810 710
<u>Standard Bank George-Account Number 082796068 (Primary Bank Account)</u>		
Bank statement balance at beginning of year	11 339 935	6 874 887
Bank statement balance at end of year	2 368 086	11 339 935
<u>Standard Bank George-Account Number 082795754 (Primary Bank Account)</u>		
Bank statement balance at beginning of year	451 902	1 806 503
Bank statement balance at end of year	321 992	451 902
<u>Standard Bank George-Account Number 082795428 (Traffic Account)</u>		
Bank statement balance at beginning of year	1 162 871	172 768
Bank statement balance at end of year	1 061 876	1 162 871
<u>Standard Bank George-Account Number 082797331 (KKWS)</u>		
Bank statement balance at beginning of year	91 720	(60 341)
Bank statement balance at end of year	93 870	91 720
<u>Call Investment Deposits</u>		
Call investment deposits consist out of the following accounts:		
Nedbank Account nr 03/7881001143/083/089	-	-
Nedbank Account nr 03/7881001143/084/087	-	5 891 138
Nedbank Account nr 03/7881001143/085/86	-	7 194 533
Absa Account nr 20-6768-1100	830 468	786 632
Standard Account nr 088745430070	-	-
Standard Account nr 488731232002/005	-	5 870 612
Standard Account nr 488731232002/015	9 071 098	-
Standard Account nr 088745430086	-	-
Standard Account nr 488731232001	1 691 285	1 526 542
ENB Account nr RU000105050 Income Plus	514 888	488 445
ENB Account nr RU000105039	-	13 409 308
	12 107 740	35 167 209

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
21	PROPERTY RATES		
	<u>Actual</u>		
	Rateable Land and Buildings	43 580 937	39 390 152
	Residential, Commercial Property, State	43 580 937	39 390 152
	Less: Rebates	(2 646 470)	(2 245 404)
	Total Assessment Rates	40 934 467	37 144 748
	<u>Valuations - 1 JULY 2011</u>		
	Rateable Land and Buildings		
	Residential	3 760 705 745	3 796 535 945
	Business & Commercial	822 853 840	808 950 740
	Churches	207 469 150	209 639 150
	Government	601 678 150	603 927 400
	Pensioners	4 836 750	12 989 000
	Other	165 555 200	130 652 000
	Agricultural	772 802 990	773 142 590
	Total Assessment Rates	6 335 901 825	6 335 836 825
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008.		
	Rates:		
	Residential	.724663c/R	.658785c/R
	Government	.969768c/R	.881607c/R
	Commercial	.969768c/R	.881607c/R
	Agricultural	.090583c/R	.082348c/R
	Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates.		
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
22	GOVERNMENT GRANTS AND SUBSIDIES		
	Unconditional Grants	39 490 000	37 429 544
	Equitable Share	37 596 000	35 403 044
	Water Affairs	1 894 000	2 026 500
	Conditional Grants	47 895 866	36 767 933
	Grants and donations	47 895 866	36 767 933
	Total Government Grants and Subsidies	87 385 866	74 197 477
	Government Grants and Subsidies - Capital	30 944 037	15 685 465
	Government Grants and Subsidies - Operating	56 441 830	58 512 011
		87 385 867	74 197 477
	The municipality does not expect any significant changes to the level of grants.		
22.1	Equitable share		
	Grants received	37 596 000	35 403 044
	Conditions met - Operating	(37 596 000)	(35 403 044)
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
22.2	Extended Public Works Program		
	Opening balance	497 872	352 165
	Grants received	3 553 000	1 840 950
	Conditions met - Operating	(2 982 669)	(1 695 243)
	Conditions still to be met	1 068 203	497 872
	Job creation projects in previous disadvantage areas		
22.3	Finance Management Grant		
	Opening balance	-	22 346
	Grants received	1 250 000	1 000 000
	Conditions met - Operating	(1 222 210)	(1 022 346)
	Conditions met - Capital	(27 790)	-
	Conditions still to be met	-	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.		

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
22 GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
22.4 Finance Management Support Grant		
Opening balance	-	-
Grants received	100 000	-
Conditions met - Operating	(100 000)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
The Financial Management Support Grant was received from Provincial Treasury to assist with the implementation of the SDBIP and Performance management within the municipality.		
22.5 Municipal Systems Improvement Grant		
Opening balance	(58 784)	(108 938)
Grants received	790 000	750 000
Conditions met - Operating	(731 216)	(699 846)
Grant expenditure to be recovered	<u>-</u>	<u>(58 784)</u>
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, paid by National Treasury.		
22.6 Municipal Infrastructure Grant (MIG)		
Opening balance	-	1 370 468
Grants received	14 431 000	9 498 000
Transfers	-	-
Conditions met - Operating	(401 000)	(315 730)
Conditions met - Capital	(14 030 000)	(10 552 738)
Conditions still to be met	<u>-</u>	<u>-</u>
The grant was used to upgrade infrastructure in previously disadvantaged areas, paid by National Treasury.		
22.7 Housing Grants		
Opening balance	2 197 339	3 183 434
Grants received	10 331 983	13 047 023
Write off - Irrecoverable grant expenditure	-	-
Conditions met - Operating	(9 516 039)	(14 033 118)
Conditions still to be met	<u>3 013 283</u>	<u>2 197 339</u>
Housing grants was utilised for the development of erven and the erection of top structures, paid by the		
22.8 DME Electrification New Housing Projects		
Opening balance	1 783 160	2 081 406
Grants received	851 000	-
Conditions met - Operating	-	(298 246)
Conditions met - Capital	(1 567 510)	-
Conditions still to be met	<u>1 066 650</u>	<u>1 783 160</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
22.9 Seta		
Opening balance	-	151 738
Grants received	561 319	218 072
Conditions met - Operating	(561 319)	(369 810)
Conditions still to be met	<u>-</u>	<u>-</u>
For training and skills development paid by the National Department of Labour		
22.10 Neighbourhood Development Grant (NDPG)		
Opening balance	4 878 530	1 154 637
Grants received	9 000 000	8 000 000
Conditions met - Operating	-	(4 840)
Conditions met - Capital	(13 924 288)	(4 271 267)
Conditions still to be met	<u>(45 758)</u>	<u>4 878 530</u>
Job creation in the previous disadvantage areas		
22.11 RBIG -(DWAF)		
Opening balance	-	-
Grants received	1 000 000	-
Conditions met - Operating	-	-
Conditions met - Capital	(1 000 000)	-
Conditions still to be met	<u>-</u>	<u>-</u>
The grant was given to assist with the water shortage in the area		

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
22 GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
22.12 MILLITARY SPORTS ACADEMY		
Opening balance	-	-
Grants received	1 000 000	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>1 000 000</u>	<u>-</u>
The grant was received from the Department of Sport and Cultural affairs for the building of a sport academy		
22.13 CRDP GRANT		
Opening balance	636 814	-
Grants received	-	248 176
Conditions met - Operating	(636 814)	636 814
Conditions met - Capital	-	(248 176)
Conditions still to be met	<u>-</u>	<u>636 814</u>
The grant was received from the Department of Land affairs for Rural Development		
22.14 Other Grants		
Opening balance	148 847	(2 810 576)
Grants received	6 407 860	8 242 496
Transfers and other income	-	-
Conditions met - Operating	(3 668 951)	(4 669 789)
Conditions met - Capital	(84 664)	(613 284)
Write off - Irrecoverable grant expenditure	-	-
Conditions still to be met	<u>2 803 091</u>	<u>148 847</u>
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
22.15 Total Grants		
Opening balance	8 810 149	4 759 865
Grants received	86 872 162	78 247 761
Conditions met - Operating	(56 779 404)	(58 512 012)
Conditions met - Capital	(30 606 462)	(15 685 465)
Conditions still to be met/(Grant expenditure to be recovered)	<u>8 296 444</u>	<u>8 810 149</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	8 358 464	9 675 523
Unpaid Conditional Government Grants and Receipts	(62 020)	(865 374)
Reallocated opening balance	<u>8 296 444</u>	<u>8 810 149</u>
23 SERVICE CHARGES		
Electricity	143 654 460	118 996 577
Water	35 611 703	30 557 299
Water Klein Karoo Rural Scheme	5 340 513	5 768 754
Refuse removal	11 618 232	10 385 150
Sewerage and Sanitation Charges	20 750 015	19 382 378
	<u>216 974 923</u>	<u>185 090 158</u>
Less: Rebates	(13 707 789)	(11 955 473)
Total Service Charges	<u>203 267 134</u>	<u>173 134 685</u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
24 OTHER INCOME		
Admin Fees	1 586 635	470 166
Advertising Fees	40 526	29 495
Parking Fees	20 974	35 237
Cemeteries	568 804	349 541
Water sundries	144 782	130 727
Traffic	260 577	281 936
Electricity sundries	746 110	688 810
Cango Mountain Resort	1 365 114	1 485 355
Airport landings	9 783	9 442
Sportgrounds and swimming pools	194 001	158 621
Recovered taxes	2 723 687	-
Townplanning	369 743	308 749
Infrastructure levies	10 390	59 400
Libraries	49 206	79 285
Photostats and faxes	2 945	565
Surplus cash	2 895	-
Valuation certificates	47 828	39 964
Rezoning Fees	17 368	22 439
Sundries	1 796 118	599 198
Total Other Income	9 957 487	4 748 929

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) and fees for items not included under service charges (camping, fire brigade and impounding fees)

25 EMPLOYEE RELATED COSTS		
Acting Allowance	1 989 160	1 839 124
Bargaining Allowance	29 319	29 471
Bonuses	5 062 326	4 749 189
Contribution to Long Service awards	860 219	605 210
Contribution to Post Employment Medical	6 429 036	4 719 998
Contributions to Group Insurance	1 296 141	1 214 572
Contributions to Medical Aid	4 441 324	3 969 303
Contributions to Pension	12 479 657	11 194 477
Contributions to UIF	630 071	616 157
Contributions to Workman's Compensation	579 885	598 132
Housing Benefits and Allowance	758 608	730 686
Leave payments	1 194 499	1 452 340
Other Allowance	440 225	376 384
Overtime payments	4 925 775	4 350 884
Provision for TASK	3 978 901	1 077 065
Salaries and Wages	73 051 100	68 126 665
Settlement Package : Municipal Manager	-	1 691 863
Shift Allowance	179 938	173 383
Skills Development	868 487	777 513
Standby Allowance	902 892	905 638
Telephone Allowance	21 835	21 052
Temporary Personnel	4 963 665	2 595 982
Travelling Allowance	3 567 582	2 903 356
Total Employee Related Costs	128 650 647	114 718 447

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

			2012 R	2011 R
25	EMPLOYEE RELATED COSTS (Continued)			
	REMUNERATION OF KEY MANAGEMENT PERSONNEL			
		Previous	Current	Total
	Remuneration of the Municipal Manager			Total
	Annual Remuneration	684 565	283 057	967 622
	Car Allowance	54 897	83 333	138 230
	Telephone allowance	3 000	2 000	5 000
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	149 744	23 359	173 103
	Directors Fee Cango Caves	-	-	-
	Total	892 205	391 750	1 283 955
	<i>a New Municipal manager was appointed in January 2012</i>			
		Previous	Current	Total
	Remuneration of the Director Financial Services			Total
	Annual Remuneration	684 566	308 500	993 066
	Car Allowance	54 897	60 417	115 313
	Telephone allowance	2 400	4 000	6 400
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	149 744	-	149 744
	Total	891 606	372 917	1 264 522
	<i>a New Director Finance was appointed in February 2012</i>			
		Previous	Current	Total
	Remuneration of the Director Corporate Services			Total
	Annual Remuneration	172 537	427 013	599 550
	Car Allowance	30 000	70 000	100 000
	Telephone allowance	2 400	2 100	4 500
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	13 332	-	13 332
	Total	218 269	499 113	717 382
	<i>a New Director Corporate Services was appointed in December 2011</i>			
	Remuneration of the Director Infrastructure and Technical Services			
	Annual Remuneration			321 442
	Car Allowance			51 475
	Telephone allowance			4 250
	Total			377 167
	<i>The Director Technical Services was appointed in February 2012</i>			
	Remuneration of the Director Community Services			
	Annual Remuneration			47 429
	Car Allowance			14 000
	Telephone allowance			850
	Contributions to UIF, Medical, Pension Funds and Bargaining Council and other			12 304
	Total			74 583
	<i>The Director Community Services was appointed in June 2012</i>			
			2012 R	2011 R
26	REMUNERATION OF COUNCILLORS			
	Salaries		5 033 198	3 704 320
	Pension		258 165	552 945
	Transport		1 772 013	1 363 873
	Telephone		261 905	266 446
	Total Councillors' Remuneration		7 325 281	5 887 584

In-kind Benefits

The Executive Mayor, Mayoral Committee members and the Speaker are full-time councillors. The Mayor, Mayoral Committee members and the Speaker are provided with secretarial support and an office at the cost of the Council.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
27	DEBT IMPAIRMENT		
	Trade Receivables from exchange transactions - Note 17	5 038 363	3 543 138
	Trade Receivables from non-exchange transactions - Note 18	564 763	134 779
	Total Contribution to Debt Impairment	5 603 126	3 677 917
28	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	19 162 939	16 838 847
	Investment Property	401 916	399 542
	Intangible Assets	85 880	123 765
	Capitalized Restoration Cost	228 407	238 799
		19 879 142	17 600 953
29	IMPAIRMENTS		
	Property Plant & Equipment	125 199	-
	Capi Capitalized Restoration Cost	22 236	279 525
		147 435	279 525
30	FINANCE CHARGES		
	Long-term Liabilities	8 577 895	4 995 472
	Finance leases	463 690	440 995
	Tip site restoration contribution	104 825	3 847 902
	Pension Fund	30 542	62 585
	Other	109 011	198 700
	Total finance charges	9 285 963	9 545 654
31	BULK PURCHASES		
	Electricity bulk	98 569 536	75 544 410
	Water bulk	2 657 524	2 089 882
		101 227 060	77 634 292
32	GENERAL EXPENSES	2012 R	2011 R
	Audit Fees	3 085 315	4 122 005
	Advertisements	995 274	679 735
	Bank Charges	1 560 321	1 246 900
	Chemicals	886 802	827 892
	Calender events	608 569	94 631
	Commission paid	2 598 863	1 567 422
	Professional Fees	4 344 362	1 714 814
	Membership Fees	261 160	1 160 147
	Fuel Cost	4 540 693	3 706 432
	Electricity	6 243 960	1 505 141
	Legal Cost	2 993 935	2 888 729
	Licence Fees	227 959	266 001
	Insurance	1 529 671	1 399 018
	Postage	215 787	206 603
	Project Expenditure	2 193 615	4 613 765
	Printing and stationery	892 149	1 220 098
	Safety clothes	452 661	361 370
	Speed camera fees	1 963 948	1 430 928
	Tools and Equipment	147 881	130 669
	Tourism	400 000	400 400
	Recovery plan	-	3 096 593
	Inventory Items	1 022 181	970 397
	Telephone	2 688 999	2 592 503
	Training	943 057	692 012
	Travel and subsistence	2 006 603	1 626 705
	Water Levy	50 509	50 509
	Water	2 100 517	532 506
	Other	5 940 269	4 856 462
	General Expenses	50 895 058	43 960 389

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

33 CORRECTION OF ERROR IN TERMS OF GRAP 3

Prior year adjustments due to non-compliance with Accounting policy and errors

- 33.1 (a)** The operating lease assets was understated in the prior year due to the exclusion of some operating leases. It is now corrected retrospectively with the following entries (Dt) Operating Lease asset (Kt) Accumulated surplus.
- (b)** Retention fees not recognised in the prior year, retrospectively capitalised in the current year. It is now corrected with the following entries (Dt) PPE (Kt) Payables from exchange transactions
- (c)** Depreciation was incorrectly charged in the prior year due a classification error between WIP and PPE this lead to the overstatement of accumulated depreciation as disclosed previously. It is now corrected with the following entries (Dt) Accumulated Depreciation (Kt) Accumulated Surplus
- (d)** Correction of other assets not previously recognised, ito directive 4 these assets where recognised at fair value on 01/07/2010. It is now corrected with the following entries (Dt) PPE (Oudt Mun) (Dt) PPE (KKLWVS) (Kt) Acc Surplus
- (e)** Error on depreciation on first time recognition of assets (refer 33.1 c). It is now corrected with the following entries (Dt) Acc Surplus (Kt) Acc Depr (Oudtmun) (Kt) Acc depr (KKLWVS)
- (f)** Retrospective correction of accumulated depreciation due to a reassessment and change in remaining useful life. The correction was processed as follows for oudthoorn (Dt) Acc Surplus (Kt) Acc Depr and (Dt) Acc Depr (Kt) Acc Surplus. The correction was processed as follows for KKLWVS (Dt) Acc Surplus (Kt) Acc Depr and (Dt) Acc Depr (Kt) Acc Surplus.
- (g)** Correction of prior year assets written off, reclassified as assets held for sale. The correction was processed as follows (Dt) Assets held for sale (Kt) Acc Surplus
- (h)** Infrastructure incorrectly classified as WIP in the prior year, depreciation corrected retrospectively. The correction was processed as follows (Dt) Acc Depr (Kt) Acc Surplus.
- (i)** Workmens compensation paid in the current year relates to the 2010 and 2011 financial years, Expenditure corrected retrospectively. The correction was processed as follows (Dt) Acc Surplus (Kt) Payables
- (j)** Correction made on unpaid grant and related incomenot recognised in the prior year, the expenditure was incurred in the prior year and due to the fact that a obligation was vested with government the income should be recognised in the prior year. The correction was processed as follows (Dt) CRDP Grant (Kt) Acc Surplus
- (k)** Correction of the VAT balance due to old balances not yet cleared in the ledger. No obligation exist towards SARS to repay these balances. The correction was processed as follows (Dt) VAT (Kt) Acc Surplus
- (l)** Underprovision in prior year, incorrect expenditure allocated to sundry creditors. The correction was processed as follows (Dt) Acc Surplus (Kt) Sundry Creditors.

33.2 Accumulated Surplus

	2012 R	2011 R
Balance previously reported	-	454 890 576
	1 755 686	7 932 763
Correction on operating lease asset - see note 33.1.a	38 259	-
Correction on Accumulated Depreciation - see note 33.1.c	7 226	-
Correction on Accumulated Depreciation - see note 33.1.c	-	7 457
Correction on Accumulated Depreciation - see note 33.1.c	(273)	-
First time recognition of Other assets - see note 33.1d	-	5 631 035
First time recognition of Other assets - see note 33.1d	-	190 804
Depreciation charge on first time recognition of assets- see note 33.1.e	(1 072 388)	-
Depreciation charge on first time recognition of assets- see note 33.1.e	(38 161)	-
Retrospective correction due to change in useful life of assets- see note 33.1.f	(147 716)	-
Retrospective correction due to change in useful life of assets- see note 33.1.f	(68 272)	-
Retrospective correction due to change in useful life of assets- see note 33.1.f	-	583 816
Retrospective correction due to change in useful life of assets- see note 33.1.f	-	1 514 825
Retrospective correction due to change in useful life of assets- see note 33.1.f	(1 050)	-
Retrospective correction due to change in useful life of assets- see note 33.1.f	(1 135)	-
Retrospective correction due to change in useful life of assets- see note 33.1.f	-	15 608
Retrospective correction due to change in useful life of assets- see note 33.1.f	-	(2 248)
Reclassification of assets written of to assets held for sale - see note 33.1.g	2 996 219	-
Correction of depreciation on Infrastructure incorrectly recognised as WIP - see note 33.1.h	4 295	-
Correction on Workmen's Compensation - note 33.1i	(598 132)	(1 031 201)
Correction of error Unpaid Grant not recognised in prior period - see note 33.1.j	636 814	-
Correction of error uncleared old VAT balances - see note 33.1.k	-	1 867 330
Correction of prior year creditors provision - see note 33.1.l	-	(844 664)
Restated balance	1 755 686	462 823 339

33.3 Operating leases

Balance previously reported	537 432
Correction of Lease Asset - see note 33.1.a	38 259
Restated balance	575 691

33.4 Payables from exchange transactions

Balance previously reported	38 294 344
Correction on retention fees - note 33.1b	100 000
Correction on Workmen's Compensation - note 33.1i	1 629 333
Correction of prior year creditors provision - see note 33.1.l	844 664
Restated balance	40 868 341

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
33 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)		
33.5 Property Plant and Equipment		
Balance previously reported		509 497 626
Prior year correction on Buildings - see note 33.1b		100 000
First time recognition of Other assets - see note 33.1d		5 631 035
First time recognition of Other assets - see note 33.1d		190 804
Depreciation charge on first time recognition of assets- see note 33.1.e		1 072 388
Depreciation charge on first time recognition of assets- see note 33.1.e		38 161
Retrospective correction due to change in useful life of assets- see note 33.1.f		(147 716)
Retrospective correction due to change in useful life of assets- see note 33.1.f		(68 272)
Retrospective correction due to change in useful life of assets- see note 33.1.f		583 816
Retrospective correction due to change in useful life of assets- see note 33.1.f		1 514 825
Retrospective correction due to change in useful life of assets- see note 33.1.f		(1 050)
Retrospective correction due to change in useful life of assets- see note 33.1.f		(1 135)
Retrospective correction due to change in useful life of assets- see note 33.1.f		15 608
Retrospective correction due to change in useful life of assets- see note 33.1.f		(2 248)
Correction of depreciation on Infrastructure incorrectly recognised as WIP - see note 33.1.h		4 295
Restated balance		518 428 137
33.6 Assets held for sale		
Balance previously reported		-
Reclassification of assets written of to assets held for sale - see note 33.1.g		2 996 219
Restated balance		2 996 219
33.7 Unpaid Government Grants		
Balance previously reported		75 046
Correction of error Unpaid Grant not recognised in prior period - see note 33.1.j		636 814
Restated balance		711 860
33.8 Value Added Tax		
Balance previously reported		19 453 672
Correction of error Unpaid Grant not recognised in prior period - see note 33.1.j		1 867 330
Restated balance		21 321 002
34 RECONCILIATION BETWEEN NET DEFICIT FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY	2012 R	2011 R
Surplus/(Deficit) for the year	(7 236 834)	(23 879 433)
Adjustments for:		
Depreciation	19 793 260	17 477 189
Amortisation of Intangible Assets	85 880	123 765
Asset Impairment	147 434	279 525
Debt Impairment	5 603 126	3 677 917
Debt Impairment -Decrease	-	-
Contribution to non current liability	104 825	3 847 902
Contribution to employee benefits-current	4 442 528	2 931 745
Contribution from/to employee benefits-non current	2 575 703	14 978 225
Impairment of leases	-	(144 531)
Assets written off	2 598	0
Operating lease income accrued	(502 134)	(556 807)
Operating lease expenses accrued	(19 641)	(6 050)
Operating Surplus/(Deficit) before changes in working capital	24 996 745	18 729 448
Changes in working capital	(14 212 343)	6 607 829
Increase/(Decrease) in Trade and Other Payables	(7 883 308)	30 005 234
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(1 317 059)	(932 143)
Increase/(Decrease) in Unpaid Conditional Public Grants and Reserves	(125 288)	(125 288)
Increase/(Decrease) in Unspent Conditional Public Grants and Reserves	-	(1 176 647)
Increase/(Decrease) in Taxes	1 373 646	(4 960 676)
(Increase)/Decrease in Inventory	336 601	9 064
(Increase)/Decrease in Trade and other receivables	(7 400 290)	(20 557 326)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	803 354	4 345 611
Cash generated/(absorbed) by operations	10 784 402	25 337 278

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
35 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 20	12 107 740	35 167 209
Cash Floats - Note 20	10 534	10 534
Bank - Note 20	3 446 204	13 810 710
Bank overdraft - Note 20	-	-
Total cash and cash equivalents	15 564 478	48 988 453
36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 35	15 564 478	48 988 453
Less:	15 564 478	48 988 453
	(29 636 272)	6 849 295
Unspent Committed Conditional Grants - Note 9	8 358 464	9 675 523
VAT - Note 11	(38 239 110)	(21 321 002)
Unspent Public Contributions	244 374	244 375
Resources available for working capital requirements	45 200 750	42 139 158
37 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 2	78 800 298	88 394 625
Used to finance property, plant and equipment - at cost	(78 800 298)	(88 394 625)
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance		

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

38 BUDGET COMPARISONS

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
Operational				
38.1 Revenue by source				
Property taxes	40 934 467	41 671 728	(737 261)	-2%
Government Grants and Subsidies- Capital	30 944 037	32 943 691	(1 999 654)	-6%
Government Grants and Subsidies-Operating	56 441 830	63 041 386	(6 599 556)	-10%
Public Contributions and Donations	144 712	202 700	(57 988)	-29%
Third Party Payments	244 526	-	244 526	100%
Fines	1 663 992	2 000 000	(336 008)	-17%
Gain on disposal of Property, Plant and Equipment	7 215	-	7 215	100%
Actuarial Gains	2 923 347	-	2 923 347	100%
Service Charges	203 267 134	209 547 509	(6 280 375)	-3%
Rental of Facilities and Equipment	1 737 335	2 049 810	(312 475)	-15%
Interest Earned - external investments	2 644 864	2 170 000	474 864	22%
Interest Earned - outstanding debtors	5 043 645	4 170 000	873 645	21%
Agency Services	13 980 915	14 580 000	(599 085)	-4%
Other Income	9 956 255	6 102 956	3 853 299	63%
	369 934 274	378 479 780	(8 545 506)	-2%
Expenditure by nature				
Employee Related Costs	128 650 647	124 161 513	(4 489 134)	4%
Remuneration of Councillors	7 325 281	7 093 108	(232 173)	3%
Debt Impairment	5 603 126	3 000 000	(2 603 126)	87%
Depreciation and Amortisation	19 879 140	21 812 175	(1 933 035)	-9%
Impairments	147 434	-	(147 434)	-100%
Assets written-off	2 598	-	(2 598)	-100%
Stock written-off	132 443	-	(132 443)	-100%
Repairs and Maintenance	12 671 765	13 776 528	(1 104 763)	-8%
Actuarial losses	597 104	-	(597 104)	-100%
Stock Adjustments	-	-	-	0%
Finance Charges	9 285 963	10 458 427	(1 172 464)	-11%
Bulk Purchases	101 227 060	93 289 600	(7 937 460)	9%
Contracted services	12 463 747	18 844 277	(6 380 530)	-34%
Operating Grant Expenditure	18 489 077	23 438 784	(4 949 707)	-21%
General Expenses	50 895 058	52 538 929	(1 643 871)	-3%
Agency Services	9 800 665	11 880 000	(2 079 335)	-18%
	377 171 109	380 293 341	3 122 232	1%
Deficit for the year	(7 236 834)	(1 813 561)	(5 423 273)	
Details of Material Variances				
Government Grants and Subsidies-Operating	-10%	Housing project not completed		
Public Contributions and Donations	-29%	No movement on NA Smit and donation received from Tuniqua		
Third Party Payments	100%	No budget for 3rd party payments as it is difficult to determine at start of year		
Fines	-17%	Difficult to determine at start of budget year as it vary from year to year		
Gain on disposal of Property, Plant and Equipmen	100%	Accounting surplus on written off vehicle		
Actuarial Gains	100%	Unable to accurately predict the trend in the budget		
Rental of Facilities and Equipment	-15%	Variance due to accounting for smoothing of operating leases		
Interest Earned - external investments	22%	More interest received than budgeted form		
Interest Earned - outstanding debtors	21%	More interest received than budgeted form		
Agency Services	13%	a Decrease in revenue received from agency services- decrease in licence and		
Other Income	63%	More revenue received from cemetery fees, resorts, town planning fees and		
Depreciation and Amortisation	-9%	electricity connections		
Impairments	-100%	Due to unbundling of infrastructure assets		
Assets written-off	-100%	Determine at year end, difficult to budget for at start of year		
Stock written-off	-100%	Only identified with annual asset verification at end of year, therefore no budget.		
Bulk Purchases	9%	a Increase in obsolete and slow moving stock		
Contracted services	-34%	Due to increased cost of electricity		
Operating Grant Expenditure	-21%	Made less use of consulting services		
		Housing project as well as electrification of new houses not yet completed		

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

38 BUDGET COMPARISONS (Continued)

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
38.2 Expenditure by Vote				
Community & Social Services	14 549 220	13 886 834	662 386	5%
Electricity	115 282 664	112 562 259	2 720 405	2%
Executive & Council	55 873 312	53 437 709	2 435 603	5%
Finance & Admin	40 377 270	39 557 242	820 028	2%
Housing	12 828 752	19 471 567	(6 642 815)	-34%
Klein Karoo Water Scheme	6 314 873	7 522 170	(1 207 297)	-16%
Other	1 828 104	2 171 972	(343 868)	-16%
Planning & Development	16 709 918	16 739 539	(29 621)	0%
Public Safety	23 820 928	25 745 595	(1 924 667)	-7%
Road Transport	24 253 954	25 035 100	(781 146)	-3%
Sport & Recreation	16 355 106	15 797 527	557 579	4%
Waste Management	16 585 652	15 774 416	811 236	5%
Waste Water Management	13 687 045	13 865 574	(178 529)	-1%
Water	18 704 310	18 725 837	(21 527)	0%
	377 171 108	380 293 341	(3 122 233)	-1%

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
38.3 Capital expenditure by vote				
Executive & Council	13 915	-	13 915	100%
Finance & Admin	17 531	-	17 531	100%
Planning & Development	17 150 014	18 241 721	(1 091 707)	-6%
Sport & Recreation	29 671	22 304	7 367	33%
Waste Management		50 000	(50 000)	-100%
Road Transport	12 382 126	15 305 877	(2 923 751)	-19%
Waste Water Management	995 502	1 473 159	(477 657)	-32%
Water	3 021 322	4 150 000	(1 128 678)	-27%
Electricity	1 397 129	2 931 379	(1 534 250)	-52%
	35 048 440	42 174 440	(7 126 000)	-17%

Details of Material Variances above 10%

Executive & Council	100%	Capitalisation of assets procured under operating budget
Finance & Admin	100%	Capitalisation of assets procured under operating budget
Waste Management	-100%	Expenditure was of an operating nature
Road Transport	-19%	Dysselsdorp taxi rank will only commence in the new budget year.
Waste Water Management	-32%	Part of expenditure was transferred to repairs and maintenance with the unbundling of infrastructure assets
Water	-27%	Blossoms pipeline project not yet completed

39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

	2012 R	2011 R
39.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	72 497 953	44 870 021
Unauthorised expenditure current year - capital	44 074	5 005 450
Unauthorised expenditure current year - operating	8 007 237	22 622 482
Written off by council	-	-
Unauthorised expenditure awaiting authorisation	80 549 264	72 497 953

Unauthorised expenditure on operating votes is mainly due to provisional (book entries), amounts recognised in

Incident	Disciplinary steps/criminal proceedings		
Over expenditure on votes 2011/2012	None	8 051 311	-
Over expenditure on votes 2010/2011	None	27 627 932	27 627 932
Over expenditure on votes 2009/2010	None	9 181 875	9 181 875
Over expenditure on votes 2008/2009	None	35 688 146	35 688 146
		80 549 264	72 497 953

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)		
39.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance		
Fruitless and wasteful expenditure current year	369 620	324 921
Paid back	-	(17 542)
Fruitless and wasteful expenditure awaiting further action	<u>369 620</u>	<u>307 379</u>
	2012 R	2011 R
39.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	8 778 490	8 778 490
Irregular expenditure current year	-	-
Irregular expenditure awaiting further action	<u>8 778 490</u>	<u>8 778 490</u>
	2012 R	2011 R
39.4 Material Losses		
Water distribution losses		
- Kilo litres disinfected/purified/purchased	7 335 251	5 281 000
- Kilo litres lost during distribution	223 370	367 500
- Percentage lost during distribution	3.05%	6.96%
Electricity distribution losses		
- Units purchased (Kwh)	170 944 310	167 061 488
- Units lost during distribution (Kwh)	19 846 832	15 048 268
- Percentage lost during distribution	11.61%	9.01%
Amount to disclose as fruitless and wasteful expenditure	<u>160 325.27</u>	<u>-</u>

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
40 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT AC		
40.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Council subscriptions	257 063	575 978
Amount paid - current year	(257 063)	(575 978)
Balance unpaid (included in creditors)	-	-
	2012 R	2011 R
40.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	1 723 804	202 702
Current year audit fee	3 085 315	4 122 005
External Audit - Auditor-General	3 085 315	4 122 005
Amount paid - current year	(4 371 778)	(2 600 903)
Balance unpaid (included in creditors)	437 341	1 723 804
40.3 VAT - [MFMA 125 (1)(b)]		
Opening balance	3 070 603	(22 743)
Nett movements	493 684	3 093 346
Closing balance - Receivable	3 564 287	3 070 603
Vat in suspense due to cash basis of accounting		
Input VAT	38 239 110	21 321 002
Output VAT	(34 674 823)	(16 383 069)
Receivable	3 564 287	4 937 933
VAT is payable/receivable on the receipt basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
40.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Current year payroll deductions and Council Contributions	15 149 189	13 617 803
Amount paid - current year	(15 149 189)	(13 617 803)
Balance unpaid (included in creditors)	-	-
40.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	29 974 289	29 067 230
Amount paid - current year	(29 974 289)	(29 067 230)
Balance unpaid (included in creditors)	-	-
40.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
Councillors with arrear accounts for more than 90 days as at 30 June 2012		
	2012 R Outstanding more than 90 days	2011 R Outstanding more than 90 days
H Botha	196	-
J Goliath	4 223	4 044
C Ngalo	270	-
IV Van der Westhuizen	2 187	-
C Wagenaar	1 048	-
Total Councillor Arrear Consumer Accounts	7 923	4 044

OUTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Deviations from, and ratifications of breaches of the Procurement Processes due to Specialised Services, Advertising, Accommodation, Sole Suppliers, Emergencies, Breakdowns, Strip and Quotes. All the deviations were ratified by the Municipal Manager and reported to Council

	Less than R 30 000	Between R 30 001 R 200 000	Between R200001 and R 2 000 000	More than R 2 000 000
A1 Exhaust	650.00	-	-	-
AA Midas	2 290.00	-	-	-
Actebis	6 686.10	-	-	-
Aurecon	-	63 868.50	-	-
Auto Electro	62 817.91	-	-	-
Automotive Control System	7 438.50	-	-	-
B. Roofing & Building Construction	14 880.00	-	-	-
B.Roofting & Building Construction	3 300.00	-	-	-
Babcock Equipment	14 851.28	31 020.55	-	-
Bariska Consulting	-	57 456.00	-	-
Barney's Repairs	5 900.00	-	-	-
Bell Equipment	62 151.19	-	-	-
Bell Oak	5 415.00	-	-	-
Bowles	6 442.66	-	-	-
Brilliant Computers	50 667.00	-	-	-
Bronco's	1 700.00	-	-	-
Buffelsdrift Game Lodge	5 609.00	-	-	-
CANGO ENGINEERING	45 194.12	94 567.19	-	-
CHECKERS	2 099.30	-	-	-
Chris Visagie	2 758.80	-	-	-
Christo Threat	2 040.00	-	-	-
CIVIL CORP	7 650.00	-	-	-
Claimer	-	-	-	-
Coastal Amature Winders	4 936.20	-	-	-
COASTAL ARMATURE	22 275.60	-	-	-
Coetzee & VD berg Attorneys	-	81 909.00	-	-
Combined System(BAUD)	-	-	400 940.28	-
COMTEST TECHNOLOGIES	-	44 859.00	-	-
COSMIC CAFE	2 721.00	-	-	-
CWC Helderberg protection	17 216.01	-	-	-
D D Booysen	3 090.00	-	-	-
Dawson Verkoeling	3 275.40	-	-	-
De Villiers Neethling	1 710.00	-	-	-
Die Koffiehuus	434.40	-	-	-
DLM	17 538.50	67 260.00	-	-
E- LEK ENGINEERING	8 673.01	-	-	-
Eden FM	37 895.25	-	-	-
EE barman	2 300.00	-	-	-
EENSTOP ELEKTRIESE DIENSTE	2 597.49	-	-	-
Eya bantu	23 874.44	-	-	-
FERRO ENGINEERING	83 004.71	168 795.18	-	-
FG Elektries	3 822.00	-	-	-
Filco Engineering	2 137.50	-	-	-
Fluid Air Hydraulics	23 122.62	-	-	-
FMG GRANT	-	99 388.35	-	-
Garage Door Deluxe	-	51 418.38	-	-
GB Malgas Electrical	1 843.80	-	-	-
Gearbox & diff Centre	8 094.03	-	-	-
GENERAL TRIMMERS	750.00	-	-	-
GEO System Africa	28 635.66	-	-	-
George Emergency Services	13 600.00	-	-	-
George Lawnmowers	11 474.48	-	-	-
Get Framed	4 000.00	-	-	-
Grand Street Studio's	16 701.00	-	-	-
Griper & co	2 175.35	-	-	-
Hazard Bonako Cape	6 264.40	-	-	-
Headlines Restaurant	8 201.00	-	-	-
HI TECH Engineering	34 882.70	-	-	-
Hoistec	8 133.90	-	-	-
Hotel service Station	2 730.00	-	-	-
HPE Technologies	37 476.99	-	-	-
IGNITE	10 750.20	-	-	-
Irrikor	5 095.87	-	-	-
ISM	9 295.00	-	-	-
J&E Communications	79 517.51	45 756.18	-	-
Jirah Construction	7 020.00	-	-	-
Johnsons Bricks	1 100.00	-	-	-
Jophilmar Construct	789.00	-	-	-
JT Hoffman	3 600.00	-	-	-
K/Karoo Een Stop	1 653.00	-	-	-

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

40.7 Other non-compliance (MFMA 125(2)(e)) (Continued)

	Less than R 30 000	Between R 30 001 R 200 000	Between R200001 and R 2 000 000	More than R 2 000 000
KK Breakdown Service	8 460.00	-	-	-
KK INSLEEPDIENSTE	4 414.80	-	-	-
KK TOYOTA	5 111.68	-	-	-
KOBUS FREY LANDBOU DIENSTE	12 185.46	-	-	-
Kux Signs	8 499.74	-	-	-
Landis & GYR	3 876.00	48 489.90	-	-
Macsteel	5 824.26	-	-	-
MAGISTER GRAVEURS	10 325.00	-	-	-
Marbon Bouers	24 050.00	-	-	-
METSI CHEM IKAPA	798.00	-	-	-
Meyers Body Repairs	3 330.00	-	-	-
MGS	-	37 944.90	-	-
MGT Business Enterprises	-	-	-	-
MTA Mobile Truck alignment	1 710.00	-	-	-
Much Asphalt	-	225 570.40	-	-
New Co Technology	5 699.43	-	-	-
Nxele & Associates	-	108 940.00	-	-
ODN BLOMMEMARK	500.00	-	-	-
ODN Engineering	19 744.80	-	-	-
ODN Grassnyerdienste	8 459.50	-	-	-
ODN Locksmith	1 235.00	-	-	-
ODN Nissan	5 061.92	-	-	-
ODN Vehicle Repairs	-	67 039.67	-	-
ODS Consultants cc	-	-	-	-
Outeniqua Blinds	9 860.00	-	-	-
Outeniqua lab	140.22	-	-	-
Outeniqua Matte	3 400.00	-	-	-
Patel & Associates	-	-	-	-
Payday Software System	58 949.35	-	-	-
Peninsula Drums	22 914.00	-	-	-
Penny pinchers	7 600.46	40 747.48	-	-
Pit Stop	2 321.07	-	-	-
Power cable Solution	7 361.27	-	-	-
PREI Instruments	4 446.00	-	-	-
Proworx	1 140.00	-	-	-
R.E.S	26 003.40	-	-	-
RCS Commercial & Industrial	-	71 110.00	-	-
REFQUIP	-	122 016.48	-	-
Riël Hugo & Associates	-	-	-	-
Rodmile motors	17 902.68	-	-	-
Sanitech	7 324.50	246 224.00	-	-
Sanmik Agencies	14 977.37	56 833.29	-	-
Selesco Catering	40 400.00	-	-	-
Short's Nissan	120 865.35	-	-	-
Smuts Familie Trust	161 805.14	-	-	-
Southern Sun	2 925.80	-	-	-
Sprinter Zone	-	150 918.90	-	-
Stanmar Motors	5 160.30	-	-	-
Suid – Kaap Besproeiing	4 135.92	62 663.52	-	-
Suid Kaap Fm	11 700.00	-	-	-
Suid Kaap Petroleum	13 440.00	-	-	-
Swartberg Blinds	11 800.00	-	-	-
TCE Hydraulics	4 983.20	-	-	-
Teck Verspreiders	29 535.09	-	-	-
TENGA DEZIGN	-	135 800.00	-	-
The Point Hotel	1 710.00	-	-	-
The Sign Shop	1 250.00	-	-	-
Top Loose	68 310.08	-	-	-
Trandsand	-	86 184.00	-	-
Transmission gear Services	-	143 449.22	213 191.40	-
Transtech	4 209.04	-	-	-
Trekker & Diesel	102 173.03	-	-	-
Trentyre	9 011.60	-	-	-
Triple R Motors	72 626.50	-	-	-
Turfworx	8 550.00	-	-	-
Tyre Rama	36 609.24	-	-	-
Tyres & Treads	6 961.38	-	-	-
V. D. Berg Vervoer	17 213.99	123 690.00	-	-
Van Antwerp Sweiswerke	2 420.00	-	-	-
Voltex	3 140.00	-	-	-
Waltons	1 859.34	-	-	-
Weskus Elektries	7 820.06	-	-	-
Winston Linford Motors	58 450.73	-	-	-
	2 027 641	2 763 921	2 614 132	2 000 000
			2012	2011
			R	R

40.8 Awards made to family members in service of the state (SCM reg 45)

Item description	Relationship		
Nashua George (SCM28/2011)	CEO's spouse is the Municipal Councillor of another municipality.	79 370	34 144
NINIVE Trading (SCM11/2011)	Director's spouse is working in the department of Justice	-	79 000
Imvusa Trading 1581(8/2/1/63(10))	The shareholders family member is in the service of Oudtshoorn Municipality.	343 260	399 473
Training for management(2508)	The Manager's spouse is working in the Eastern Cape Department of Health.	-	26 250
8/2/1/54(10) - Construction of Ellman & Arries Streets - Contract F - (Autumn Skies Trading 187	The shareholders family member is working in George Municipality as an Accountant.	702 044	264 592
		1 124 674	803 459

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
41	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	685 223	4 021 344
	Total commitments consist out of the following:		
	Reggie Olifant street. Part of uncompleted portion-A	-	382 357
	Reggie Olifant street. Part of uncompleted portion-B	-	340 581
	Reggie Olifant street. Part of uncompleted portion-C	-	319 753
	Upgrade of sidewalks De Laan street-A	-	159 353
	Upgrade of sidewalks De Laan street IDP	-	153 211
	Paving Acacia, Gousblom, Tulip IDP-A	-	399 473
	Paving Acacia, Gousblom, Tulip IDP-B	-	299 198
	Paving 11th Avenue IDP-A	-	374 747
	Paving 11th Avenue IDP-B	-	389 066
	Paving 18 th avenue-A Kerbing	-	88 982
	Paving 18 th avenue-B Kerbing	-	89 849
	Paving 18 th avenue-A Paving	-	33 892
	Paving 18 th avenue-B Paving	-	40 875
	Paving 18 th avenue- Stormwater	-	28 811
	Elman street paving IDP-D	-	363 316
	Arries street paving IDP-E	-	256 248
	Arries street paving IDP-F	-	301 635
	Paving of Mango Street	8 696	-
	Paving of Klooflaan	50 216	-
	Paving of Kanya Street	182 649	-
	Paving of Arries street	135 656	-
	Boreholes	308 005	-
	This expenditure will be financed from:		
	External Loans	-	4 021 344
	Own Funding	685 223	-
		685 223	4 021 344
		2012 R	2011 R
42	FINANCIAL RISK MANAGEMENT		
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
	(a) Foreign Exchange Currency Risk		
	The municipality does not engage in foreign currency transactions.		
	(b) Price risk		
	The municipality is not exposed to price risk.		
	(c) Interest Rate Risk		
	As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
	The municipality did not hedge against any interest rate risks during the current year.		
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as		
	0.5% (2011 - 1%) Increase in interest rates	(586 732)	(1 080 302)
	1% (2011 - 0.5%) Decrease in interest rates	1 173 463	540 151

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

42 FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2012 %	2012 R	2011 %	2011 R
<u>Non-Exchange Receivables</u>				
Rates	106.37%	6 227 201	132.85%	7 026 798
<u>Exchange Receivables</u>				
Electricity	-	-	100.62%	3 573 374
Water	12.18%	2 359 369	43.69%	4 558 936
Refuse	29.79%	5 770 414	82.43%	4 955 850
Sewerage	33.88%	6 562 158	115.03%	6 851 628
Other	24.14%	4 676 429	107.54%	2 683 994
	58.69%	19 368 370	79.52%	22 623 782

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	5 854 127	100.00%	5 289 364
<u>Exchange Receivables</u>				
Electricity	12.24%	4 038 118	12.48%	3 551 215
Water	42.75%	14 107 502	36.68%	10 435 250
Refuse	20.84%	6 876 575	21.13%	6 012 142
Sewerage	20.81%	6 867 992	20.94%	5 956 465
Other	3.37%	1 113 192	8.77%	2 495 873
	100.00%	33 003 379	100.00%	28 450 946

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
Government	0.43%	169 374	2.10%	709 941
Business	3.94%	1 550 246	18.30%	6 172 808
Residential	69.39%	27 287 199	47.93%	16 171 841
Indigents	26.23%	10 315 068	31.67%	10 685 670
	100.00%	39 321 887	100.00%	33 740 260

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

42 FINANCIAL RISK MANAGEMENT (Continued)

	2012 R	2011 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	42 584 818	42 428 492
Receivables from non-exchange transactions	14 430 971	12 790 133
Cash and Cash Equivalents	15 564 478	48 988 453
Unpaid conditional grants and subsidies	62 020	865 374
	<u>72 642 287</u>	<u>104 045 628</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2012				
Long Term liabilities	16 186 946	53 075 703	37 773 239	8 248 130
Capital repayments	8 535 130	31 491 877	27 711 624	7 108 180
Interest	7 651 816	21 583 827	10 061 615	1 139 950
Trade and Other Payables	26 693 480	-	-	-
Unspent conditional government grants and receipts	8 358 464	-	-	-
	<u>51 238 890</u>	<u>53 075 703</u>	<u>37 773 239</u>	<u>8 248 130</u>
2011				
Long Term liabilities	17 674 343	60 122 854	45 905 206	15 143 120
Capital repayments	7 635 916	33 235 408	32 038 724	13 076 773
Interest	10 038 427	26 887 446	13 866 482	2 066 347
Trade and Other Payables	34 528 760	-	-	-
Unspent conditional government grants and receipts	9 675 523	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>61 878 626</u>	<u>60 122 854</u>	<u>45 905 206</u>	<u>15 143 120</u>

	2012 R	2011 R
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43 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

43.1 Financial Assets

Classification

Investments

Receivables

Receivables from exchange transactions	Financial instruments at amortised cost	42 584 818	42 428 492
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Short-term Investment Deposits

Call Deposits	Financial instruments at amortised cost	12 107 740	35 167 209
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Bank Balances and Cash

Bank Balances	Financial instruments at amortised cost	3 446 204	13 810 710
Cash Floats and Advances	Financial instruments at amortised cost	10 534	10 534
		<u>58 149 297</u>	<u>91 416 945</u>

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	58 149 297	91 416 945
At amortised cost	<u>58 149 297</u>	<u>91 416 945</u>

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012 R	2011 R
43	FINANCIAL INSTRUMENTS (CONTINUE)		
43.2	Financial Liability		
	Classification		
	Long-term Liabilities		
	Annuity Loans	66 311 683	78 123 987
	Capitalised Lease Liability	2 517 409	4 017 193
	Payables from exchange transactions		
	Trade creditors	16 482	16 055
	Deposits	863 824	755 276
	Other	25 813 174	33 757 429
	Current Portion of Long-term Liabilities		
	Annuity Loans	8 535 127	4 551 929
	Capitalised Lease Liability	1 436 078	1 701 516
	Bank Balances		
	Bank Balances	-	-
		105 493 778	122 923 385
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	105 493 778	122 923 385
44	EVENTS AFTER THE REPORTING DATE		
	The final audit report relating to the year ending 30 June 2011 was not issued by the Auditor General by the deadline for submission of the Annual Financial Statements for the year ended 30 June 2012 as enforced by the National Treasury.		
45	IN-KIND DONATIONS AND ASSISTANCE		
	Development Bank of South Africa-Secondment of staff		
46	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
47	CONTINGENT LIABILITY		
47.1	Municipality vs Gutas		
	At year end it was confirmed that a claim to the amount of R100,000 was lodged against the municipality by a former employee with regards to leave pay. At year end it was not clear whether this claim would succeed, a liability has thus not been disclosed in the statement of financial position.		
47.2	Municipality vs Nurcha		
	Nurcha provided bridging finance for a contractor who was appointed by the municipality. The contractor failed to fulfill his obligations towards Nurcha. Nurcha now holds the municipality responsible for the amount owed by the contractor. If the court rules in favour of Nurcha, the municipality will have to pay them an amount of R3,092,467.43		
47.3	Municipality vs Employee		
	A new Municipal Manager was appointed during the financial year. One of the unsuccessful candidates was grieved with the appointment process and filed documents at the supreme court to dispute the appointment of the Municipal Manager and or alternatively the appointment of the Director Corporate Services. His request to the court is to review the appointment process and to set aside both appointments. The applicant was successful, the council has however resolved that they will appeal against the decision so this remains a pending matter. The outcome if unfavourable will have a financial and administrative impact on the Municipality, of which the cost cannot be quantified at the date of issue of the financial statements.		

OUTDSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

48 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

48.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

48.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 25 to the Annual Financial Statements.

Related party transactions

	Cellphones	Travel Allowances	Pension	Outstanding Balances 30 June 2012
48.3 Councillors				
April G		839	22 210	23 049
Biljohn S	20 398	-	-	20 398
Billy S	11 241	-	9 398	20 638
Fortuin E	48 477	774	7 702	56 954
Gunguluza GN	57 259	1 396	20 787	79 442
Harmse J	39 425	-	11 337	50 762
Kawa W	36 662	2 008	12 396	51 066
May M	87 373	-	4 000	91 373
Ngalo CN	-	2 001	10 219	12 220
Ngalo EN	9 591	1 283	12 441	23 315
Pannas B	37 225	1 170	9 398	47 793
Phillips GZ	119 532	774	12 397	132 703
Soman S	36 546	401	9 398	46 345
Wagenaar C	32 667	-	8 635	41 301
Blaauw B	37 327	-	-	37 327
Le Kay A	53 382	797	16 350	70 529
Gangatele N	24 678	-	-	24 678
Jansen J	24 639	-	-	24 639
Windvogel K	8 433	-	-	8 433
Luiters P	1 965	-	-	1 965
Abrahams A	3 923	-	-	3 923
Le Roux B	2 533	-	-	2 533
Damonds E	23 640	-	-	23 640
Swartbooi JC	50 251	1 108	27 648	79 007
V/d Westhuizen IG	3 941	-	-	3 941
Griebelaar	3 230	-	-	3 230

48.4 Other related party transactions

Refer to Note 40.8 for detail on related party transactions

	2012 R	2011 R
48.5 Entity Transactions		
Cango Caves Administrative Fee	1 586 635	940 331
Cango Caves Advance /bank	1 277 290	52 980
Cango Caves lease payment	863 776	822 644

OUDTSHOORN MUNICIPALITY NOTES TO
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2012

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost							Accumulated Depreciation and Impairment Losses									
	Opening Balance R	Correction	Restated opening balance	Transfers	Corrections	Additions R	Written Off R	Closing Balance R	Opening Balance R	Correction	Restated opening balance	Transfers	Corrections	Additions R	Written Off R	Closing Balance R	Carrying Value R
Land and Buildings	120 202 978	-	120 202 978	-	-	-	-	120 202 978	595 475	-	595 475	-	-	320 176	-	915 652	119 287 326
Land	89 243 934	-	89 243 934	-	-	-	-	89 243 934	-	-	-	-	-	-	-	-	89 243 934
Buildings	30 959 044	-	30 959 044	-	-	-	-	30 959 044	595 475	-	595 475	-	-	320 176	-	915 652	30 043 393
Infrastructure	487 232 184	-	487 232 184	-	-	27 515 038	(18 444)	514 728 778	151 101 701	-	151 101 701	-	-	11 263 542	(16 906)	162 348 337	352 380 440
Electricity	54 436 934	-	54 436 934	-	-	2 671 414	(11)	57 108 337	16 819 952	-	16 819 952	-	-	1 177 680	(10)	17 997 622	39 110 715
Water	269 144 560	-	269 144 560	-	-	3 331 532	(18 433)	272 457 659	89 285 458	-	89 285 458	-	-	4 809 794	(16 896)	94 078 355	178 379 304
Sanitation	26 075 332	-	26 075 332	-	-	992 686	-	27 068 018	9 786 832	-	9 786 832	-	-	673 275	-	10 460 106	16 607 912
Roads and Stormwater	137 575 358	-	137 575 358	-	-	20 519 406	-	158 094 764	35 209 460	-	35 209 460	-	-	4 602 794	-	39 812 254	118 282 510
Community Assets	28 805 980	-	28 805 980	-	-	7 456 158	-	36 262 138	543 151	-	543 151	-	-	295 820	-	838 971	35 423 167
Parks and Gardens	554 069	-	554 069	-	-	-	-	554 069	10 383	-	10 383	-	-	13 204	-	23 588	530 482
Libraries	2 903 756	-	2 903 756	-	-	-	-	2 903 756	84 201	-	84 201	-	-	29 038	-	113 239	2 790 517
Recreation Grounds	16 464 155	-	16 464 155	-	-	7 456 158	-	23 920 313	182 473	-	182 473	-	-	164 738	-	347 211	23 573 101
Civic Buildings	8 884 000	-	8 884 000	-	-	-	-	8 884 000	266 093	-	266 093	-	-	88 840	-	354 933	8 529 067
Lease Assets	11 845 494	-	11 845 494	-	-	-	(136 544)	11 708 950	6 433 233	-	6 433 233	-	-	1 665 616	(22 757)	8 076 092	3 632 859
Office Equipment	11 845 494	-	11 845 494	-	-	-	(136 544)	11 708 950	6 433 233	-	6 433 233	-	-	1 665 616	(22 757)	8 076 092	3 632 859
Other Assets	40 125 373	-	40 125 373	-	-	77 246	(214 494)	39 988 125	13 316 999	-	13 316 999	-	-	5 617 784	(86 603)	18 848 180	21 139 944
Office Equipment	4 258 949	-	4 258 949	-	-	-	(26 939)	4 232 010	1 417 867	-	1 417 867	-	-	884 021	(25 307)	2 276 581	1 955 429
Furniture & Fittings	5 405 467	-	5 405 467	-	-	-	(3 476)	5 401 991	2 171 335	-	2 171 335	-	-	1 057 431	(3 472)	3 225 294	2 176 697
Motor vehicles	6 215 726	-	6 215 726	-	-	7 845	-	6 223 571	1 608 773	-	1 608 773	-	-	679 309	-	2 288 082	3 935 489
Emergency Equipment	319 674	-	319 674	-	-	-	(1 380)	318 294	67 857	-	67 857	-	-	57 537	(1 380)	124 014	194 280
Computer Equipment	2 814 183	-	2 814 183	-	-	69 401	(7 288)	2 876 296	1 273 112	-	1 273 112	-	-	532 603	(7 288)	1 798 427	1 077 869
Workshop Equipment and Tools	5 763 414	-	5 763 414	-	-	-	(30 317)	5 733 097	2 255 705	-	2 255 705	-	-	858 358	(27 720)	3 086 343	2 646 754
Trucks	15 347 959	-	15 347 959	-	-	-	(145 094)	15 202 865	4 522 350	-	4 522 350	-	-	1 548 525	(21 436)	6 049 439	9 153 426
	688 212 009		688 212 009			35 048 441	(369 482)	722 890 969	171 990 559		171 990 559		-	19 162 939	(126 266)	191 027 231	531 863 736

OUDTSHOORN MUNICIPALITY NOTES TO
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

30 JUNE 2011

Reconciliation of Carrying Value																					Carrying Value
	Opening Balance R (112 789 455)		Cost Transfers	Corrections	Additions R	Written off R	Closing Balance R	Opening Balance R		Accumulated Depreciation and Impairment Losses Transfers	Corrections	Additions R	Written off R	Closing Balance R	R						
Land and Buildings	108 841 449	-	108 841 449	-	7 175 382	4 197 147	(11 000)	120 202 978	393 274	-	393 274	-	(12 949)	215 575	(424)	595 475	119 607 503				
Land	89 243 934	-	89 243 934	-	-	-	-	89 243 934	-	-	-	-	-	-	-	-	89 243 934				
Buildings	19 597 515	-	19 597 515	-	7 175 382	4 197 147	(11 000)	30 959 044	393 274	-	393 274	-	(12 949)	215 575	(424)	595 475	30 363 569				
Infrastructure	461 332 380	-	461 332 380	-	-	25 899 804	-	487 232 184	140 813 642	-	140 813 642	-	(4 295)	10 292 354	-	151 101 701	336 130 483				
Electricity	52 847 666	-	52 847 666	-	-	1 589 268	-	54 436 934	15 684 646	-	15 684 646	-	(4 295)	1 139 601	-	16 819 952	37 616 982				
Water	264 468 225	-	264 468 225	-	-	4 676 335	-	269 144 560	84 491 284	-	84 491 284	-	-	4 794 173	-	89 285 458	179 859 103				
Sanitation	23 774 093	-	23 774 093	-	-	2 301 239	-	26 075 332	9 285 783	-	9 285 783	-	-	501 049	-	9 786 832	16 288 501				
Roads and Stormwater	120 242 397	-	120 242 397	-	-	17 332 961	-	137 575 358	31 351 929	-	31 351 929	-	-	3 857 530	-	35 209 460	102 365 898				
Community Assets	26 353 209	-	26 353 209	-	(7 075 382)	9 528 153	-	28 805 980	340 060	-	340 060	-	(1 461)	204 552	-	543 151	28 262 829				
Parks and Gardens	307 500	-	307 500	-	-	246 569	-	554 069	6 137	-	6 137	-	-	4 246	-	10 383	543 686				
Libraries	2 806 600	-	2 806 600	-	-	97 156	-	2 903 756	56 018	-	56 018	-	-	28 183	-	84 201	2 819 555				
Recreation Grounds	7 207 893	-	7 207 893	-	-	71 835	-	16 464 155	100 590	-	100 590	-	(1 461)	83 344	-	182 473	16 281 682				
Civic Buildings	16 031 217	-	16 031 217	-	-	(7 147 217)	-	8 884 000	177 314	-	177 314	-	-	88 779	-	266 093	8 617 907				
Lease Assets	7 767 164	-	7 767 164	-	-	4 320 831	(242 500)	11 845 494	5 062 262	-	5 062 262	-	-	1 483 446	(112 475)	6 433 233	5 412 262				
Office Equipment	7 767 164	-	7 767 164	-	-	4 320 831	(242 500)	11 845 494	5 062 262	-	5 062 262	-	-	1 483 446	(112 475)	6 433 233	5 412 262				
Other Assets	42 143 101	-	42 143 101	-	5 821 839	6 331 712	(14 171 281)	40 125 372	22 090 494	(2 112 000)	19 957 712	-	1 349 503	3 325 445	(11 315 662)	13 316 999	26 808 372				
Office Equipment	9 542 118	649 120	10 191 238	-	1 363 520	538 196	(7 834 005)	4 258 949	6 819 092	(5 595)	6 813 498	-	393 212	313 738	(6 102 581)	1 417 867	2 841 081				
Furniture & Fittings	4 413 761	(533 672)	3 880 090	-	1 208 900	779 568	(463 091)	5 405 467	1 671 431	(93 172)	1 578 259	-	38 333	871 557	(316 813)	2 171 335	3 234 131				
Motor vehicles	16 083 416	(9 756 242)	6 327 174	-	(1 197 263)	2 822 296	(1 736 481)	6 215 726	7 217 012	(4 422 678)	2 773 552	-	(653 479)	1 218 842	(1 730 142)	1 608 773	4 606 953				
Emergency Equipment	1 665 988	1 727	1 667 715	-	104 176	98 424	(1 550 642)	319 674	1 071 721	(13 342)	1 058 379	-	13 179	23 988	(1 027 689)	67 857	251 817				
Computer Equipment	3 728 050	214 254	3 942 304	-	(17 296)	820 557	(1 931 381)	2 814 183	2 405 174	(27 893)	2 377 281	-	124 313	328 451	(1 556 933)	1 273 112	1 541 071				
Workshop Equipment and Tools	2 699 997	1 833 855	4 533 852	-	553 395	1 272 671	(596 503)	5 763 414	1 297 146	783 802	2 080 948	-	311 689	385 394	(522 326)	2 255 705	3 507 709				
Trucks	4 009 772	7 590 958	11 600 730	-	3 806 407	-	(59 178)	15 347 959	1 608 917	1 666 878	3 275 795	-	1 122 257	183 476	(59 178)	4 522 350	10 825 609				
	646 437 304	-	646 437 303	-	5 921 840	50 277 647	(14 424 781)	688 212 009	168 699 732	(2 112 000)	166 566 950	-	1 330 798	15 521 372	(11 428 561)	171 990 559	516 221 448				

APPENDIX A - Unaudited
OUDTSHOORN LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2011	Correction	Balance at 30 JUNE 2011 Restated	Received during the period	Redeemed/ written off during the period	Balance at 30 JUNE 2012
ANNUITY LOANS									
Witprop	Prime-0.5%	3028182572	2015/06	1 312 891		1 312 891		(298 738)	1 014 152
Standard Bank	12.65%		2021/06	21 575 193		21 575 193		(1 169 651)	20 405 542
Standard Bank	11.70%		2016/06	8 273 300		8 273 300		(1 301 527)	6 971 773
FNB	11.97%		2016/06	9 623 342		9 623 342		(585 754)	9 037 588
Development Bank of SA				41 891 190	-	41 891 190	-	(4 473 434)	37 417 756
Urban Infrastructure Project 10608/1	14.00%	10608/1	2017/06	5 204 324		5 204 324		(600 519)	4 603 805
Multiple Infrastructure 101096/1	10.41%	101096/1	2024/06	7 798 828		7 798 828		(302 039)	7 496 790
Multiple Infrastructure 101096/2	10.16%	101096/2	2019/12	299 453		299 453		(23 530)	275 923
Electrification 9017	11.00%	9017	2013/12	4 103 596		4 103 596		(1 510 324)	2 593 273
Multiple Infrastructure 101647/1	10.82%	101647/1	2025/12	3 434 211		3 434 211		(236 842)	3 197 369
Multiple Infrastructure 101647/2	10.07%	101647/2	2020/06	1 285 715		1 285 715		(142 857)	1 142 858
Multiple Infrastructure 101647/3	10.07%	101647/3	2015/06	223 680		223 680		(55 920)	167 760
Infrastructure 102003/1	10.59%	102003/1	2025/12	8 394 737		8 394 737		(578 847)	7 815 790
Electricity And Water 102292/1	10.62%	102292/1	2026/06	4 548 898		4 548 898		(303 260)	4 245 638
Electricity And Water 102292/2	10.62%	102292/2	2016/06	1 780 610		1 780 610		(356 122)	1 424 488
Deep Aquifer Hydrogeological 13774	15.67%	13774	2021/06	649 247		649 247		(29 791)	619 456
Infrastructure 102617/1	10.35%	102617/1	2027/06	3 469 100		3 469 100		(216 819)	3 252 282
Infrastructure 102617/2	10.53%	102617/2	2017/06	698 789		698 789		(116 465)	582 324
Total Annuity Loans				82 675 916	-	82 675 916	-	(7 829 105)	74 846 810

APPENDIX A - Unaudited
OUDTSHOORN LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

LEASE LIABILITY									
Konica Minolta Fotostaatmasjien	12.19%		2010/07	0		0			0
Nissan UD CG 5451	12.00%		2012/01	41 592		41 592		(41 592)	(0)
Nissan UD CG 14571	12.00%		2011/12	25 076		25 076		(25 076)	0
Nissan UD CG 14572	12.00%		2011/12	25 076		25 076		(25 076)	-
Nissan UD CG 14570	12.00%		2011/12	25 076		25 076		(25 076)	-
Nissan Hardbody CG 11957	12.01%		2011/11	13 194		13 194		(13 194)	(0)
Nissan Hardbody CG 11925	12.02%		2011/11	12 852		12 852		(12 852)	-
Nissan Hardbody CG 11934	11.98%		2011/11	15 324		15 324		(15 324)	-
Nissan Hardbody CG 12476	12.01%		2011/11	17 720		17 720		(17 720)	-
Ford Bantam CG 4539	12.00%		2011/11	7 837		7 837		(7 837)	-
Opel Corsa Classic CG 8980	11.98%		2011/11	(0)		(0)		(0)	-
Opel Corsa Classic CG 9957	11.98%		2011/11	10 901		10 901		(10 901)	-
Konica Minolta (46017073)	11.91%		2010/07	(0)		(0)		-	(0)
VW Citi Golf 1.4 Chico CG23237	11.98%		2013/01	29 113		29 113		(17 743)	11 370
VW Citi Golf 1.4 Chico GC15063	11.98%		2013/01	29 113		29 113		(17 743)	11 370
Isuzu KB 250 LWB Base CG23176	12.01%		2013/01	42 005		42 005		(25 598)	16 407
Isuzu KB 250 LWB Base CG23182	11.99%		2013/01	57 301		57 301		(34 977)	22 415
Isuzu KB 250 LWB Base CG23180	12.00%		2013/01	52 152		52 152		(31 762)	20 370
Nissan UD 40L C/Cab 4.6T B&P/Load 554 GC19999	12.00%		2014/01	121 978		121 978		(42 815)	79 163
Isuzu KB 250 Fleetside (2007) CG24868	12.01%		2014/01	0		0		-	0
Isuzu KB 250 Fleetside (2007) CG24866	11.99%		2014/01	87 613		87 613		(30 753)	56 859
Isuzu KB 250 Fleetside (2007) CG22357	11.99%		2014/01	86 137		86 137		(30 235)	55 901
VW Citi Golf 1.4i Tenaciti EUZ CG24879	11.99%		2014/01	47 581		47 581		(16 703)	30 878
VW Citi Golf 1.4i Tenaciti EUZ CG24878	11.99%		2014/01	47 581		47 581		(16 703)	30 878
Konica Minolta Fotostaatmasjien Model: C253 (E041002051)	12.01%		2011/08	4 060		4 060		(4 060)	-
Konica Minolta Fotostaatmasjien Model: C253 (E041002049)	12.02%		2011/08	4 536		4 536		(4 536)	-
Konica Minolta Fotostaatmasjien Model: C253 (E041002099)	12.02%		2011/09	7 709		7 709		(7 709)	-
Konica Minolta Fotostaatmasjien Model: C253 (E041002763)	12.02%		2011/09	6 772		6 772		(6 772)	-
Konica Minolta Fotostaatmasjien Model: C253 (E041002080)	12.02%		2011/09	6 772		6 772		(6 772)	-
Konica Minolta Fotostaatmasjien Model: C200 (F040000299)	12.06%		2011/10	5 838		5 838		(5 838)	-
Konica Minolta Fotostaatmasjien Model: C200 (F0400001027)	12.00%		2012/02	11 793		11 793		(11 793)	-
Isuzu KB 250 Fleetside (2007) CG24867	11.99%		2014/01	84 304		84 304		(29 593)	54 711
PBX TelkomSA	12.00%		2013/03	203 785		203 785		(111 212)	92 574
Opel Zafira CG 8330	12.01%		2011/11	16 954		16 954		(16 954)	-
Panasonic Copier DP 180 Serial LGE4XW0085	12.01%		2013/08	21 654		21 654		(9 301)	12 353
Panasonic Copier DP 180 Serial LGE4XW00047	12.01%		2013/08	21 654		21 654		(9 301)	12 353
Panasonic Copier DP 180 Serial HGE4XW00003	12.01%		2013/08	21 654		21 654		(9 301)	12 353
Panasonic Copier DP 180 Serial HGE4XW00060	12.01%		2013/08	21 654		21 654		(9 301)	12 353
Panasonic Copier DP 180 Serial DGE4XW00134	12.01%		2013/08	21 654		21 654		(9 301)	12 353
Panasonic Copier DP 180 Serial LGE4XW00063	12.01%		2013/08	21 654		21 654		(9 301)	12 353
Opel Corsa Utility CG 26463	12.10%		2015/01	70 933		70 933		(16 845)	54 088
Isuzu KB 250 CG 26458	11.99%		2015/01	108 248		108 248		(25 712)	82 536
Isuzu KB 250 CG 26464	11.99%		2015/01	108 248		108 248		(25 712)	82 536
Isuzu KB 250 CG 26451	11.99%		2015/01	118 870		118 870		(28 233)	90 638
Gestetner MPC Serial V22846601018	12.00%		2013/03	28 811		28 811		(16 595)	12 216
Konica Minolta Photocopier C253 E041002049	12.02%		2011/08	4 536		4 536		(4 536)	0
Chevrolet Aveo CG 7740	7.75%		2016/01	115 473		115 473		(22 315)	93 158
Chevrolet Aveo CG 7735	7.75%		2016/01	115 473		115 473		(22 315)	93 158
Chevrolet Aveo CG 7730	7.75%		2016/01	115 473		115 473		(22 315)	93 158
Chevrolet Aveo CG 7738	7.75%		2016/01	115 473		115 473		(22 315)	93 158
Ford Bantam CG 9433	7.75%		2016/01	109 985		109 985		(21 228)	88 757
Ford Bantam CG 9445	7.75%		2016/01	77 995		77 995		(15 060)	62 935
Ford Bantam CG 9442	7.75%		2016/01	81 566		81 566		(15 758)	65 808
Ford Bantam CG 9447	7.75%		2016/01	90 273		90 273		(17 440)	72 833
Nissan CG10994	9.00%		2016/01	246 276		246 276		(46 482)	199 794
Nissan CG10975	9.00%		2016/01	246 276		246 276		(46 482)	199 794
Nissan CG12180	9.00%		2016/02	124 278		124 278		(22 438)	101 841
Nissan CG12186	9.00%		2016/02	159 226		159 226		(28 747)	130 479
Nissan CG10243	9.00%		2016/01	138 306		138 306		(25 526)	112 780
Nissan CG1993	9.00%		2016/01	138 306		138 306		(25 526)	112 780
Nissan CG7605	9.00%		2016/01	138 306		138 306		(25 526)	112 780
Nissan CG7718	9.00%		2016/01	138 306		138 306		(25 526)	112 780
Nissan CG9038	9.00%		2016/01	106 297		106 297		(19 618)	86 678
Nissan CG14312	9.00%		2016/03	127 409		127 409		(23 003)	104 406
Nissan CG14241	9.00%		2016/03	127 409		127 409		(23 003)	104 406
Nissan CG14280	9.00%		2016/03	127 409		127 409		(23 003)	104 406
Nissan CG13212	9.00%		2016/03	127 409		127 409		(23 003)	104 406
Nissan CG14245	9.00%		2016/03	127 409		127 409		(23 003)	104 406
Nissan CG14285	9.00%		2016/03	127 409		127 409		(23 003)	104 406
Nissan CG13157	9.00%		2016/03	112 090		112 090		(20 237)	91 852
Nissan CG12199	9.00%		2016/02	128 113		128 113		(23 130)	104 983
Nissan CG10194	9.00%		2016/01	127 356		127 356		(127 356)	-
Nissan CG10230	9.00%		2016/01	127 356		127 356		(23 505)	103 851
Nissan CG10239	9.00%		2016/01	127 356		127 356		(23 505)	103 851
Konica Minolta Photocopier C203 (420037950)	10.50%		2012/12	22 201		22 201		(14 410)	7 791
Konica Minolta Photocopier B162-SA (20791631)	11.92%		2012/11	274		274		(274)	-
Nashua Pro 1107 V5100200026	9.00%		2013/10	228 256		228 256		(92 010)	136 246
Panasonic QJK 0925717	9.00%		2013/12	106 565		106 565		(39 784)	66 781

Total Lease Liabilities	5 718 709	-	5 718 709	-	(1 765 221)	3 953 487
TOTAL EXTERNAL LOANS	88 394 624	-	88 394 624	-	(9 594 326)	78 800 297

APPENDIX B - Unaudited
ODUTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
MUNICIPAL VOTES CLASSIFICATION

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
22 748	(2 285 705)	(2 262 956)	Office of the Municipal Manager	1 404	(5 570 974)	(5 569 571)
-	(659 315)	(659 315)	Office of the Exec Mayor & Committee	-	(5 940 451)	(5 940 451)
-	(4 399 718)	(4 399 718)	Manager Corporate	-	(2 324 444)	(2 324 444)
110 114 884	(50 405 053)	59 709 830	Council General	129 439 292	(41 116 709)	88 322 583
-	(22 518)	(22 518)	Office of the Deputy Mayor	-	(17 388)	(17 388)
-	(164 948)	(164 948)	Office of the Speaker	-	(200 261)	(200 261)
-	(1 308 834)	(1 308 834)	Legal services	-	(703 085)	(703 085)
-	(2 166 613)	(2 166 613)	Admin Finance	-	(5 435 221)	(5 435 221)
-	(9 131 244)	(9 131 244)	Finance Income	-	(10 301 491)	(10 301 491)
-	(3 474 022)	(3 474 022)	Finance Expenditure	-	(3 957 763)	(3 957 763)
-	(3 836 902)	(3 836 902)	Finance Accounting Services	-	(3 565 258)	(3 565 258)
-	(7 620 448)	(7 620 448)	Administration	-	(7 933 503)	(7 933 503)
-	(5 372 692)	(5 372 692)	Human Resources	-	(6 405 414)	(6 405 414)
-	(2 010 057)	(2 010 057)	Computer Data / IT	-	(1 901 283)	(1 901 283)
-	(857 220)	(857 220)	Internal Audit	-	(892 015)	(892 015)
-	(2 805 356)	(2 805 356)	Civic Centre/Land & Buildings	-	14 679	14 679
-	(8 588 306)	(8 588 306)	Corporate Wide Strategic Planning	-	(11 415 083)	(11 415 083)
-	(3 752 701)	(3 752 701)	Town Planning	-	(5 294 834)	(5 294 834)
-	(1 577 844)	(1 577 844)	Admin Traffic	-	-	-
15 139 520	(18 560 330)	(3 420 810)	Traffic & Licensing	15 935 362	(20 246 339)	(4 310 976)
-	(1 143 919)	(1 143 919)	Fire Fighting	-	(3 562 433)	(3 562 433)
-	(15 864)	(15 864)	Vehicle Testing Centre	-	(12 157)	(12 157)
-	-	-	Clinic	-	-	-
-	(5 995 294)	(5 995 294)	Manager Community Services	-	(5 019 899)	(5 019 899)
-	(26 592)	(26 592)	Bridgton Community Hall	-	(3 273 522)	(3 273 522)
-	(17 122)	(17 122)	Bongolethu Community Hall	-	-	-
-	(12 183)	(12 183)	Blomnek Community Hall	-	-	-
-	(14 033)	(14 033)	Dysseldorp Community Hall	-	(416 815)	(416 815)
-	(3 922 852)	(3 922 852)	Admin Library Services	-	(4 383 693)	(4 383 693)
-	-	-	Bongolethu Libraries	-	-	-
-	(274 041)	(274 041)	Libraries	-	13 205	13 205
-	(1 741)	(1 741)	Dysseldorp Library	-	-	-
-	-	-	De Rust Library	-	-	-
-	-	-	Bridgton Library	-	-	-
-	(916 509)	(916 509)	Cemetery & Crematoriums	-	(1 468 496)	(1 468 496)
1 672 137	(1 721 507)	(49 370)	Cango Mountain Resort	1 579 903	(2 328 895)	(748 992)
23 691	(17 699)	5 991	Cango Mountain Resort Restuarant	1 636	-	1 636
147 579	-	147 579	Bridgton Resort	283 771	(199 781)	83 990
-	(47 406)	(47 406)	Arbeidsgenot	-	(132 707)	(132 707)
-	(501 707)	(501 707)	Admin Parks	-	-	-
-	(6 928 816)	(6 928 816)	Parks & Gardens	-	(8 479 342)	(8 479 342)
-	(5 532)	(5 532)	Bongolethu Sportgrounds	-	-	-
-	(2 662 554)	(2 662 554)	De Jager Sportcomplex	-	(3 428 926)	(3 428 926)
-	(479 096)	(479 096)	Sport & Recreation (Brid/De Rust and Bongl)	-	(96 019)	(96 019)
-	(49)	(49)	Bridgton Sportgrounds	-	-	-
-	(6)	(6)	Dysseldorp Sportgrounds	-	-	-
-	-	-	De Rust Sportgrounds	-	-	-
-	(1 229 711)	(1 229 711)	Swimming Pools	-	(1 689 436)	(1 689 436)
-	-	-	Kerkstraat Swembad	-	-	-
-	-	-	Bridgton Swembad	-	-	-
-	-	-	Bongolethu Swembad	-	-	-
-	(24 532)	(24 532)	Dysseldorp Swembad	-	-	-
147	(17 632 517)	(17 632 370)	Housing	-	(12 828 752)	(12 828 752)
-	(1 396 857)	(1 396 857)	Bulk Waste	-	(1 177 125)	(1 177 125)
10 625 195	(13 807 856)	(3 182 661)	Refuse Removal	12 018 392	(7 623 752)	4 394 640

APPENDIX B - Unaudited
ODUTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
MUNICIPAL VOTES CLASSIFICATION

-	(39 552)	(39 552)	Sanitation	-	(17 130)	(17 130)
-	(5 949 145)	(5 949 145)	Street Cleansing	-	(7 767 645)	(7 767 645)
-	(285 928)	(285 928)	Main Roads	-	(489 712)	(489 712)
-	(4 794 908)	(4 794 908)	Admin Streets	-	(10 371 507)	(10 371 507)
-	(10 565 050)	(10 565 050)	Roads and Stormwater	-	(11 033 431)	(11 033 431)
-	(520 041)	(520 041)	Job Creation	-	(2 359 303)	(2 359 303)
-	(8 715)	(8 715)	Concrete Mixer	-	-	-
-	(96 332)	(96 332)	Stormwater	-	(83 615)	(83 615)
-	(1 831 313)	(1 831 313)	Admin Sewerage	-	(1 414 069)	(1 414 069)
19 500 349	(4 078 337)	15 422 013	Sewerage Purification	21 021 888	(6 984 817)	14 037 071
269 503	(4 175 403)	(3 905 900)	Sewerage Network	241 348	(4 745 935)	(4 504 587)
882 420	(56 003)	826 417	Dysseldorp Sewerage	973 566	(161 386)	812 180
-	(296 272)	(296 272)	Public Toilets	-	(297 223)	(297 223)
30 502 051	(3 360 834)	27 141 217	Water Storage	36 005 197	(4 384 733)	31 620 464
-	(11 304 130)	(11 304 130)	Water Distribution	-	(12 181 988)	(12 181 988)
-	(2 038 723)	(2 038 723)	Dysseldorp Water	(121 737)	(2 137 589)	(2 259 326)
-	(699 917)	(699 917)	Manager Infrastructure	-	(965 299)	(965 299)
115 309 710	(3 086 144)	112 223 567	Admin Electricity	139 148 194	(3 174 253)	135 973 941
-	(84 939 866)	(84 939 866)	Electricity Distribution	-	(110 981 447)	(110 981 447)
5 154 590	(4 262 900)	891 690	Dysseldorp Electricity	5 948 209	(161 665)	5 786 544
-	(49 820)	(49 820)	Airport	-	(123 999)	(123 999)
-	(1 569 467)	(1 569 467)	Workshop/ Fleet	-	(1 704 105)	(1 704 105)
7 994 163	(9 433 504)	(1 439 341)	Klein Karoo Water Scheme	7 457 848	(6 314 873)	1 142 974
317 358 687	(341 238 120)	(23 879 434)	Sub Total	369 934 274	(377 171 108)	(7 236 834)
-	-	-		-	-	-
317 358 687	(341 238 120)	(23 879 434)	Total	369 934 274	(377 171 108)	(7 236 834)

APPENDIX C - Unaudited
ODUTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
110 137 632	(54 846 372)	55 291 261	Executive & Council	129 440 696	(53 548 868)	75 891 828
-	(19 466 001)	(19 466 001)	Budget & Treasury	-	(24 151 749)	(24 151 749)
-	(19 402 915)	(19 402 915)	Corporate Services	-	(18 564 644)	(18 564 644)
-	(12 341 006)	(12 341 006)	Planning & Development	-	(16 709 918)	(16 709 918)
-	-	-	Health	-	-	-
-	(13 985 724)	(13 985 724)	Community & Social Services	-	(14 534 540)	(14 534 540)
147	(17 632 517)	(17 632 370)	Housing	-	(12 828 752)	(12 828 752)
15 139 520	(21 297 957)	(6 158 437)	Public Safety	15 935 362	(23 820 928)	(7 885 566)
1 843 406	(13 618 614)	(11 775 208)	Sport & Recreation	1 865 310	(16 355 106)	(14 489 796)
10 625 195	(21 193 410)	(10 568 215)	Waste Management	12 018 392	(16 585 652)	(4 567 260)
20 652 272	(10 533 660)	10 118 613	Waste Water Management	22 236 802	(13 687 045)	8 549 757
-	(16 174 642)	(16 174 642)	Road Transport	-	(24 253 954)	(24 253 954)
38 496 214	(26 137 190)	12 359 024	Water	43 341 308	(25 019 184)	18 322 125
120 464 300	(92 988 827)	27 475 473	Electricity	145 096 403	(115 282 664)	29 813 739
-	(1 619 287)	(1 619 287)	Other	-	(1 828 104)	(1 828 104)
317 358 687	(341 238 120)	(23 879 434)	Total	369 934 274	(377 171 108)	(7 236 834)

APPENDIX D - Unaudited
ODUTSHOORN LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2011	Correction of error	Balance 1 JULY 2011	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2012
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R
<u>National Government Grants</u>							
Equitable Share	-		-	37 596 000	37 596 000		-
Department of Water Affairs	-	-	-	1 894 000	1 894 000	-	-
RBIG Grant- (DWAF)				1 000 000	-	1 000 000	-
Local Government Financial Management Grant			-	1 250 000	1 222 210	27 790	-
DME Electrification New Housing Project	1 783 160		1 783 160	851 000	-	1 567 510	1 066 650
Municipal Systems Improvement Grant	(58 784)		(58 784)	790 000	731 216	-	-
Municipal Infrastructure Grant	-		-	14 431 000	401 000	14 030 000	-
Seta	-		-	561 319	561 319	-	-
Extended Public Works Program	497 872		497 872	3 553 000	2 982 669	-	1 068 203
Infrastructure Van Wykskraal	(16 262)		(16 262)	-	-	-	(16 262)
Neighbourhood Development Grant Grant (NDPG)	4 878 530		4 878 530	9 000 000	-	13 924 288	(45 758)
Comprehensive Rural Development Program	-	(636 814)	(636 814)	636 814	-	-	-
Total National Government Grants	7 084 516	(636 814)	6 447 702	71 563 133	45 388 414	30 549 588	2 072 833
<u>Provincial Government Grants</u>							
CDW operational support grant	14 129	-	14 129	104 000	82 494	35 635	-
CDW ward based projects grant	90 000	-	90 000	-	90 000	-	-
Library Services	(51 874)	-	(51 874)	597 000	545 126	-	-
Integrating Housing Settlement Grant	2 197 339	-	2 197 339	10 331 983	9 516 039	-	3 013 283
Housing Consumer Education	52 652	-	52 652	-	3 971	-	48 681
Public Transport	(101 639)	-	(101 639)	1 155 000	1 053 360.65	-	0
Public Transport Facilities	-	-	-	2 021 045	-	21 239	1 999 806
Military Sport Academy	-	-	-	1 000 000	-	-	1 000 000
Finance Management Support Grant	-	-	-	100 000	100 000	-	-
Total Provincial Government Grants	2 200 606	-	2 200 606	15 309 029	11 390 990	56 874	6 061 770
<u>District Municipality Grants</u>							
Upgrading of Rural Sport Grounds	137 744	-	137 744	-	-	-	137 744
LED Strategy	10 114	-	10 114	-	-	-	10 114
Recovery Plan	13 983	-	13 983	-	-	-	13 983
Dysselsdorp Rural Development	-	-	-	-	-	-	-
Total District Municipality Grants	161 841	-	161 841	-	-	-	161 841
TOTAL	9 446 963	(636 814)	8 810 149	86 872 162	56 779 404	30 606 462	8 296 444
<u>Public Grants</u>							
NLDTF- Construction of Sport Grounds	14 021		14 021	-	-	-	14 021
Donation N.A Smit	117 303		117 303	-	-	-	117 303
Umsobomvo Youth Fund	-		-	-	-	-	-
Alpha Aan Den Rijn- Aids Program	-		-	-	-	-	-
Klein Karoo Agri- Suikerbult	1 851		1 851	-	-	-	1 851
Tuiniqua Consulting Engineers	111 200		111 200	-	-	-	111 200
Standard Bank Sport Development	(125 288)		(125 288)	270 000	144 712	-	0
Total Other Grant Providers	119 087	-	119 087	270 000	144 712	-	244 375
Total	9 566 050	(636 814)	8 929 236	87 142 162	56 924 116	30 606 462	8 540 819